# Real Matters Inc. – MD&A for the three months ended December 31, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

The following Management Discussion and Analysis ("MD&A") was prepared as of January 26, 2023 and should be read in conjunction with our unaudited condensed consolidated financial statements ("financial statements"), including notes thereto, for the three months ended December 31, 2022 and 2021 and our audited consolidated financial statements, including notes thereto, for the year ended September 30, 2022. All amounts in this MD&A are reported in thousands of U.S. dollars, unless otherwise stated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). Throughout this MD&A, Real Matters Inc. and its subsidiaries are referred to as "Real Matters," "the Company," "we," "our," or "us". Additional information about the Company, including the Company's Annual Information Form for the year ended September 30, 2022, can be found on SEDAR under the Company's profile at www.sedar.com.

## Overview

Real Matters provides residential real estate appraisal and title services to mortgage lenders in the United States of America ("U.S.") and residential real estate appraisal and insurance inspection services in Canada. Our technology-based platform creates a competitive marketplace where independent field professionals, including appraisers, property inspectors, notaries, abstractors and other closing agents, compete for volumes provided by our clients based on their performance and professionalism (the "platform"). Our proprietary technology, which we believe is unique in our industry, combined with our network management capabilities, drives greater efficiency by reducing manual processes through robust quality control mechanisms, logistics management capabilities, capacity planning tools and end-to-end transaction management for our clients. We leverage our technology and field professional partnerships with the goal of delivering first-time quality, faster turnaround times and better performance than our competitors.

*Appraisal services*

We are one of North America's largest independent providers of residential real estate appraisal services. A residential appraisal is a survey of a home prepared by a qualified appraiser providing their expert opinion on the market value of a residential property. Pricing for residential appraisals varies by region, the type of residential mortgage appraisal conducted and property type. In most cases, our clients order residential appraisals for mortgage loan assessment purposes and to comply with Government Sponsored Entity ("GSE") requirements in the U.S., and the cost of a residential appraisal is typically passed on to the borrower.

We apply our network management capabilities, which are designed to focus on quality at the front-end of the process, to supply residential real estate appraisal services. Our platform is an open network where appraiser performance is tracked and managed in real time. We believe that our national and regionally managed network has the capacity to scale and deliver better performance than our competitors. We provide the breadth of expertise and local knowledge required to find the most qualified appraiser for every mortgage transaction through robust credentials management and scorecarding.

*Title services*

We are an approved title agent with the largest title insurance underwriters in the U.S. We offer and/or coordinate various title services for refinance, purchase, short sale and real estate owned ("REO") transactions to financial institutions in all 50 states, and the District of Columbia, and each state has differing rules and regulations for title agents. As an independent title agent, we provide services required to close a mortgage transaction, including title search, curative, closing and escrow services and title policy issuance. We act on behalf of title insurance underwriters and retain the agent's portion of the premium paid for the title policy, which is typically 70-90% of the title insurance premium. The remaining portion of the premium is remitted to the underwriter as compensation for bearing the risk of loss in the event a claim is made under the insurance policy. Premium splits can vary by geographic region, and in some states, premiums are fixed by regulation.

The closing process is critical to a consumer's overall experience as it represents an important point of contact in a mortgage transaction. Our focus is to provide the best consumer experience by working with experienced abstractors, notaries and attorneys. We operate a technology-based marketplace where independent field professionals compete for business based on their service level performance and quality of work. Our platform delivers a scalable solution that drives better performance for our clients and a superior consumer experience.

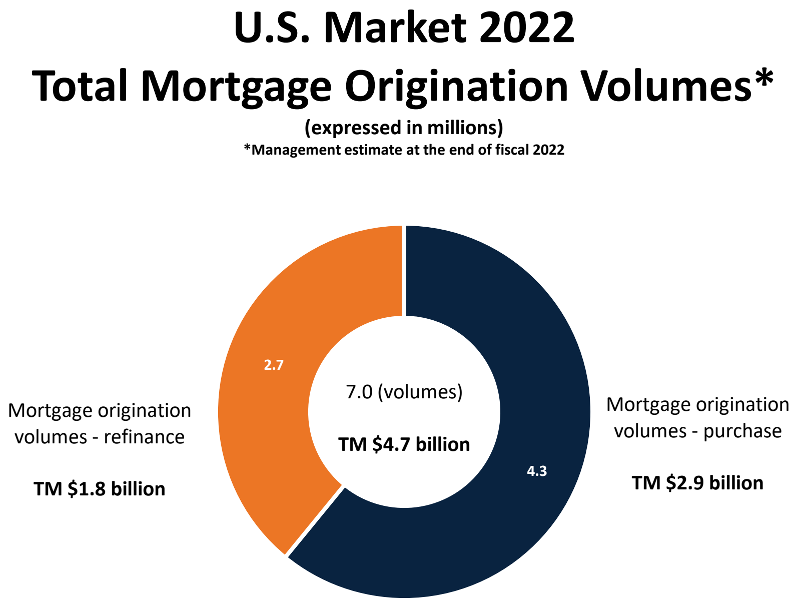
**Our clients and the market we service**

*Clients*

Our clients include top 100 mortgage lenders in the U.S., the majority of the big five banks in Canada and some of North America's largest insurance carriers. In the U.S., we estimate that the top 100 lenders account for approximately 84% of lender spend on appraisal and title services. Tier 1 (as defined in the "Glossary" section of this MD&A) and other prominent lenders typically require their service providers to be well capitalized, registered and licensed nationally, have a strong technology and information security infrastructure, and be in good standing with their regulatory authorities. These lenders typically allocate market share to their service providers based on performance, and our performance often results in us obtaining an outsized allocation of transaction volumes from these lenders compared to our competitors.

*Markets*

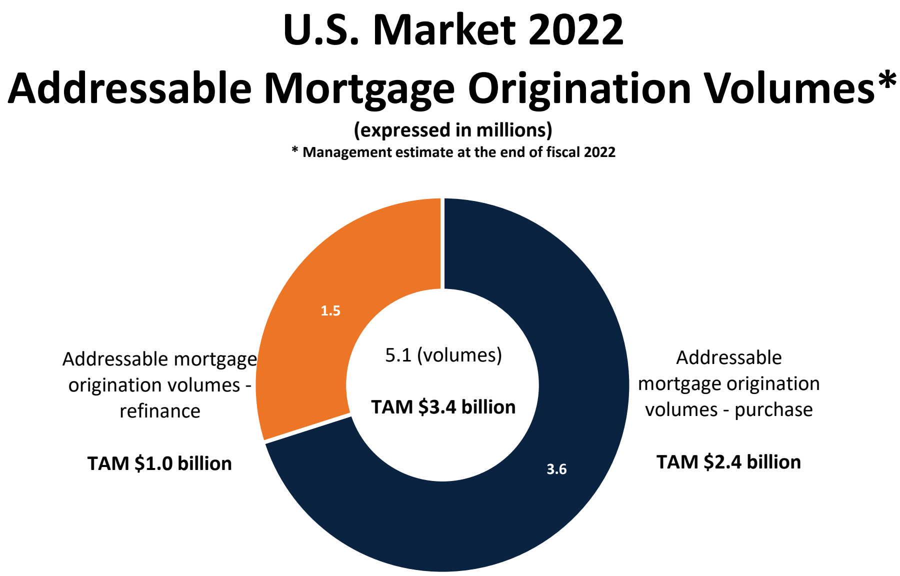
The U.S. mortgage market is one of the largest asset classes in the world and it is highly regulated. In fiscal 2022, we estimated that there were approximately 7.0 million mortgage origination transactions (purchase and refinance) in the U.S., representing a total market ("TM") spend of $4.7 billion applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2022. The graphic below outlines the estimated size of the TM for purchase and refinance mortgage originations in the U.S. for fiscal 2022 and our estimate of the TM spend for these services.




*U.S. Appraisal*

Our U.S. Appraisal segment (as hereinafter defined) provides services to the largest lenders in the U.S., including all six Tier 1 mortgage lenders. We provide appraisal services to mortgage lenders across the following channels: purchase origination, refinance origination, home equity, default and REO. Purchase and refinance mortgage origination revenues accounted for 88% of fiscal 2022 revenues in our U.S. Appraisal segment.

The total addressable market ("TAM") for our U.S. Appraisal segment excludes appraisal waivers provided by the GSEs and appraisals provided by Veterans Affairs. In fiscal 2022, we estimate that there were approximately 5.1 million appraisals provided for purchase and refinance mortgage originations in the U.S., representing a TAM spend of $3.4 billion applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2022. We further believe that waivers were at elevated levels in the first half of fiscal 2022, due in part to COVID-19, and moderated down to nearly 11% of total mortgage origination volumes at the end of fiscal 2022. The graphic below outlines the estimated size of the TAM for purchase and refinance mortgage originations in the U.S. for fiscal 2022 and our estimate of the TAM spend for these services.




*U.S. Title*
Historically, our U.S. Title segment (as hereinafter defined) predominantly serviced Tier 3 and 4 mortgage lenders. However, over the past few years, we have added several top 100 lenders, including our first Tier 1 client in fiscal 2021. Adding clients is in line with our strategy to increase market share in this segment, with a specific focus on targeting additional Tier 1, Tier 2 and Tier 3 clients. Today, we predominantly supply title services for refinance, home equity, default and REO transactions. In fiscal 2022, we estimate that there were 2.7 million refinance transactions serviced representing a total and addressable market spend of $2.6 billion applying our average revenue per transaction for refinance mortgage originations in fiscal 2022. The addressable market for our U.S. Title segment is not impacted by waivers or Veterans Affairs volumes.

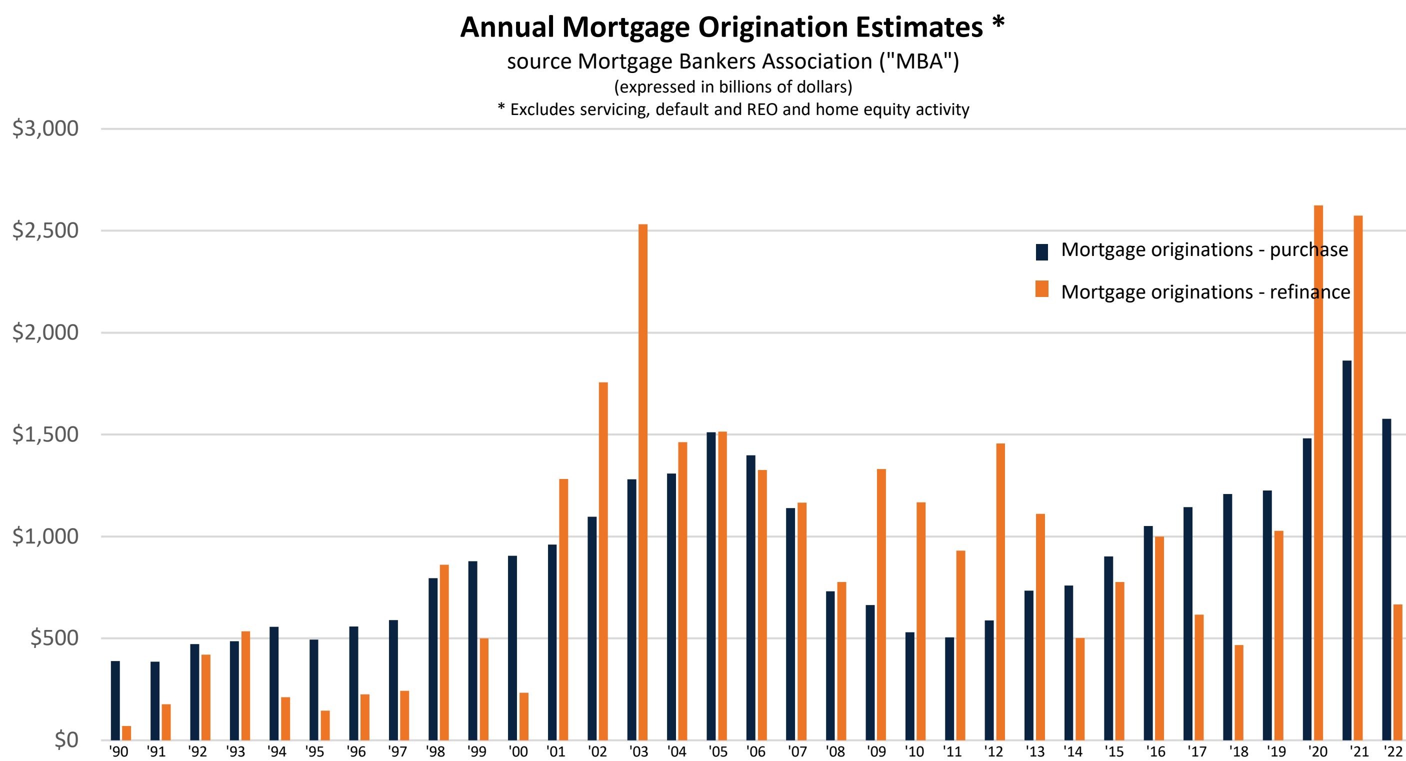
*Canada*
We provide residential mortgage appraisal services to the majority of the big five banks in Canada and provide residential and commercial property insurance inspection services to some of North America's largest insurance carriers.

*Our offices and brands*
Headquartered in Markham, Ontario, Real Matters' principal offices include Buffalo, New York and Middletown, Rhode Island. We service the U.S. and Canadian residential mortgage industries through our Solidifi brand and the Canadian property and casualty insurance industry through our iv3 brand.

*Seasonality and trends*
Residential mortgage origination volumes in North America are a key driver of our 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 inventory, 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. 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 see home buyers purchase more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. Our market share is impacted by the size of the addressable residential mortgage origination market but also our clients' relative share of the addressable market. As discussed above, the prevalence of appraisal waivers provided by the GSEs and the volume of appraisals provided by Veterans Affairs can also impact the size of the TAM for our U.S. Appraisal segment. Gains or losses in our clients' share of the addressable market impacts our overall market share. Accordingly, we take a long-term view of our success, since we cannot control the addressable mortgage origination market or the factors that influence it.

*Annual mortgage origination estimates*

The table below outlines the estimated U.S. mortgage origination spend for purchase and refinance transactions beginning in 1990, presented on a calendar year basis. From 2011 to 2022, the estimated purchase market grew at a mid to high single digit growth rate which was highly correlated to the strength of the U.S. economy, among other factors. However, in 2022, the estimated purchase market declined from 2021 levels due to the U.S. mortgage market continuing to experience issues with affordability resulting from elevated home prices, an increase in the 30-year mortgage rate and a shortage of housing inventory. Refinance activity is very sensitive to changes in interest rates which results in significant changes in the volume of activity between years. From the onset of COVID-19 through the first half of fiscal 2022, the mortgage origination market experienced a significant increase in refinance activity due to low interest rates brought about by COVID-19 and other contributing factors. This historically high level of activity presents a tougher market comparison year-over-year given the sharp increase in 30-year mortgage rates during the second half of fiscal 2022 and into the first quarter of fiscal 2023. For fiscal 2022, we estimate that total mortgage origination volumes were down nearly 42% from fiscal 2021, due in large part to an estimated 61% decline in refinance mortgage origination volumes.



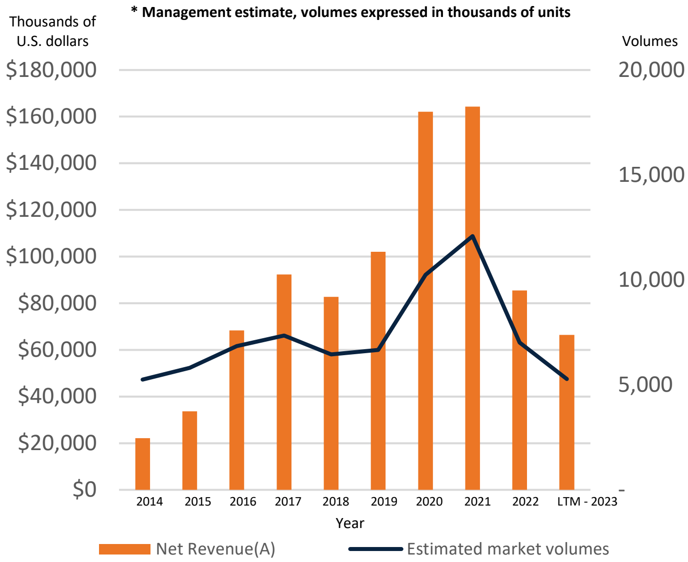

**Scale from volume**

Our objective is to leverage our technology, network, logistics management capabilities and field professional partnerships to deliver first time quality, faster turnaround times and better performance than our competitors. As volumes on our platform increase from market share growth, market volume expansion or some combination of the two, we partner with our field professionals to make them more efficient in their daily activities which leads to an expansion of our Net Revenue(A) margins. In addition, we leverage our operations to expand our Adjusted EBITDA(A) margins. Our objectives for each of these measures through fiscal 2025 are outlined in the "Fiscal 2025 targets" section of this MD&A.

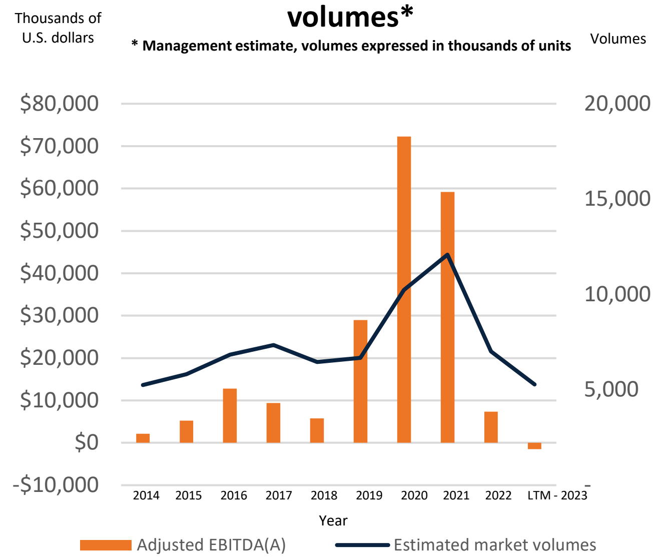
We prepare our financial statements in accordance with IFRS, however, we consider certain Non-GAAP financial measures (as hereinafter defined) useful in the assessment of our financial performance. All Non-GAAP measures are identified in this MD&A by superscript (A). Please refer to the "Non-GAAP Measures" section of this MD&A for additional details regarding our use of Non-GAAP measures, including, but not limited to, the definitions of Net Revenue(A) and Adjusted EBITDA(A).

The tables that follow compare our consolidated Net Revenue(A), Adjusted EBITDA(A) and Net Income or Loss to estimated mortgage market origination volumes.

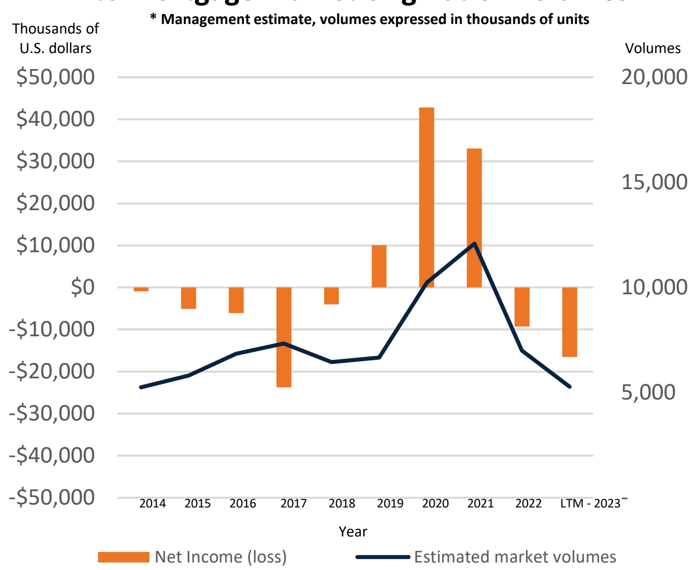
**Consolidated Net Revenue(A) relative to mortgage market origination volumes***



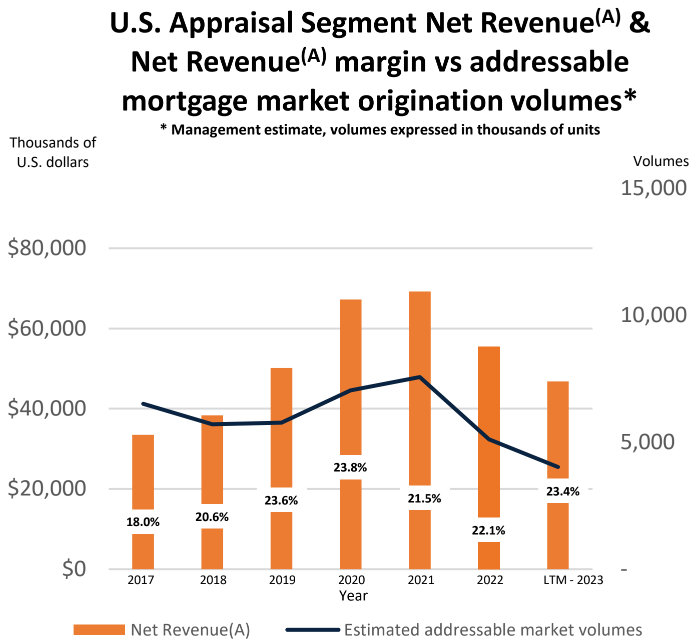

**Consolidated Adjusted EBITDA(A) relative to mortgage market origination volumes***

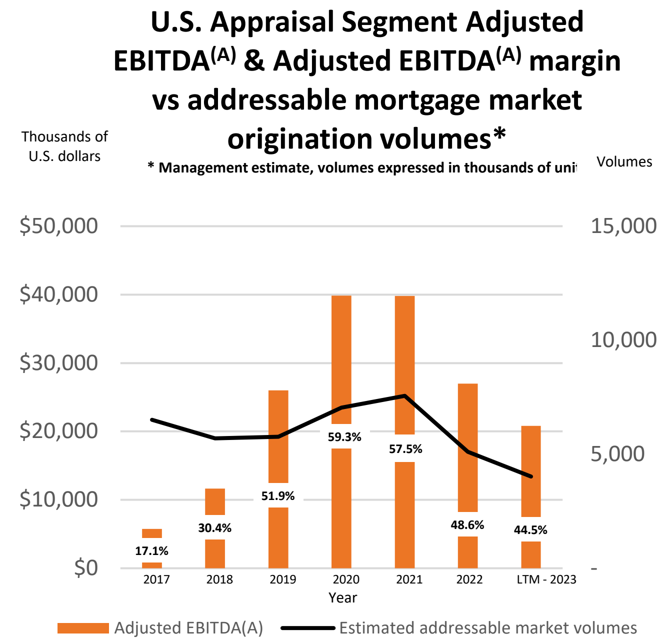



**Consolidated Net Income or Loss relative to mortgage market origination volumes***

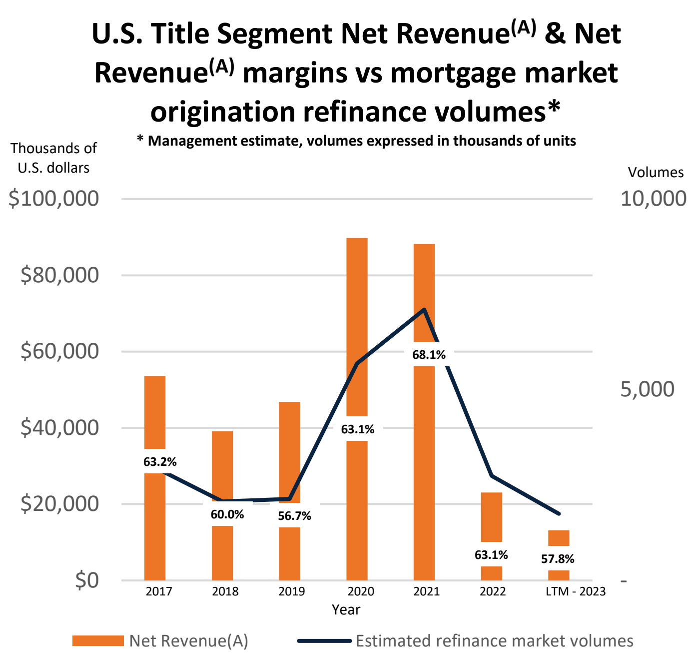


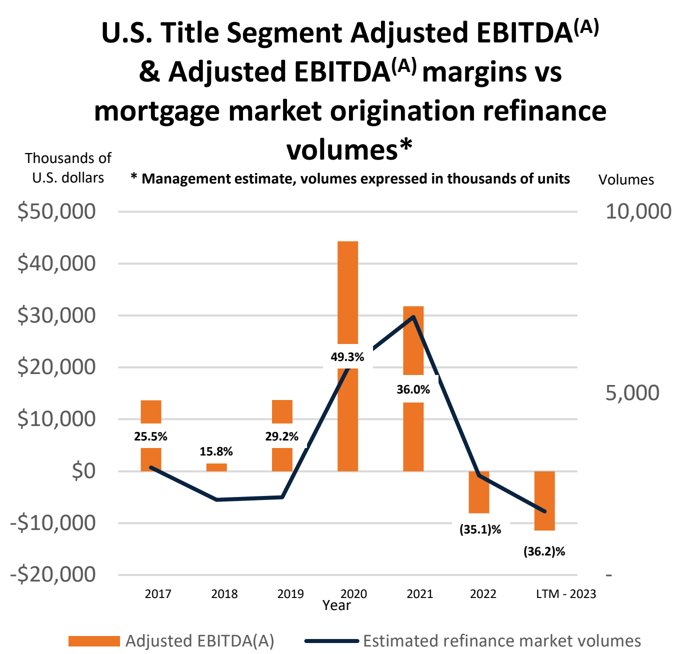

Our U.S. Appraisal segment is our more mature business in the U.S. Servicing higher volumes on our platform from net market share gains and higher market volumes, resulted in annual Net Revenue(A) and Adjusted EBITDA(A) margin expansion through fiscal 2020. However, in fiscal 2021, we recorded lower Net Revenue(A) margins and lower Adjusted EBITDA(A) margins compared to fiscal 2020 while servicing higher volumes. The primary reason for these contractions was due to servicing a higher proportion of higher value and more complex properties during fiscal 2021, which we attribute, in part, to the higher use of GSE waivers on lower value and more standard properties. The use of GSE waivers has declined since fiscal 2021, which we attribute, in part, to the rise in the 30-year mortgage rate and corresponding contraction of refinance volumes. Accordingly, our Net Revenue(A) margins expanded in the second half of fiscal 2022 and in the first quarter of fiscal 2023 and we have been actively managing our U.S. Appraisal operating expense spend down due to the decline in market volumes.




In April 2016, we entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. ("Linear"). Since then, we have ported this business to our platform and have been investing in our field professional panels with the long-term view of leveraging our network to expand Net Revenue(A) margins similar to our U.S. Appraisal segment. Today, our U.S. Title segment predominately services refinance mortgage origination volumes. As a result of the significant decline in refinance volumes in fiscal 2022 and the first quarter of fiscal 2023, we have significantly reduced our U.S. Title operating expenses, while ensuring we maintain performance levels with our clients.




**Our long-term plan**

We take a long-term view to manage and measure the success of our business strategies. Accordingly, our principal focus is on market share growth and over the long-term, we seek to achieve market share increases in the residential mortgage origination market. Market share growth is achieved by onboarding new customers and increasing market share with our existing clients. The mortgage market is subject to the influence of many factors, such as broader economic conditions, changes to interest rates, changing regulations and our clients' share of the market; each of which are not within our control.

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**Fiscal 2025 targets**

At the end of fiscal 2020, we set targets through the end of fiscal 2025, which remain grounded in the philosophy that has guided us to date. As outlined above, residential mortgage origination volumes in North America are a key driver of our financial performance and are influenced by cyclical trends and seasonality. We continue to be singularly focused on market share growth and Net Revenue[(A)] and Adjusted EBITDA[(A)] margin expansion since we can't control the cyclical and seasonal trends that impact the residential mortgage market or our clients' share of the market.

The fiscal 2025 targets are presented for the purpose of assisting investors, security analysts and others in understanding our current objectives, strategic priorities and expectations for the future. Readers are cautioned that our fiscal 2025 targets may not be appropriate for other purposes. Our Net Revenue[(A)] and Adjusted EBITDA[(A)] margin targets are contingent on achieving our market share goals, no change in our clients' respective share of the market from 2020 levels and a residential mortgage originations market comprised of an approximately $4 billion spend for purchase activity and an approximately $2 billion spend for refinance activity, which we deemed to be a normalized market based on historical standards at that time. However, U.S. macroeconomic conditions will be a large determinate of the size of the U.S. mortgage market in fiscal 2025, which is out of our control. Please refer to the "Cautionary Note Regarding Forward-Looking Information" contained in this MD&A for a description of the risks that impact our business and that could impact the achievement of our fiscal 2025 targets.

**Fiscal 2025 Targets**

| | Purchase market share | Refinance market share | Net Revenue[(A)] margin | Adjusted EBITDA[(A)] margin |
|---|---|---|---|---|
| **U.S. Appraisal** | **7-9%[(1)]** | **17-19%[(1)]** | **26-28%** | **65-70%** |
| **U.S. Title** | **-** | **6-8%[(2)]** | **60-65%** | **50-55%** |
| **Canada** | **-** | **-** | **19-20%** | **65-70%** |

Note

(1) Market share expressed as a percentage of TAM as described above in this MD&A

(2) Market share expressed as a percentage of TM as described above in this MD&A

Our target for our Corporate segment is to contain corporate expenses, excluding stock-based compensation expense, to 7% of Net Revenue[(A)] by the end of fiscal 2025.

Our target is to convert 70-75% of Adjusted EBITDA[(A)] to Free Cash Flow[(A)] between fiscal 2021 through the end of fiscal 2025, which is contingent on a normalized market. In fiscal 2022, we did not achieve our conversion target of 70-75%, due in large part to the sharp decline in mortgage origination volumes and the corresponding impact to Adjusted EBITDA[(A)], which was most notable in our U.S. Title segment which posted an Adjusted EBITDA[(A)] loss of $8.1 million.

**Margin expansion with volume growth**

We expect to expand Net Revenue[(A)] and Adjusted EBITDA[(A)] margins across each of our segments in conjunction with an increase in volumes serviced, please refer to the "Fiscal 2025 targets" section of this MD&A.

**We're built for the long run**

We believe we have a significant amount of addressable market beyond our fiscal 2025 objectives. The U.S. mortgage market is one of the largest asset classes in the world and we service large, blue-chip clients in the U.S. and Canada. Getting to first transaction with large mortgage lenders can be a lengthy process; however, once we launch a client, our strategy is to leverage our platform to outperform our competition and grow market share. This helps us solidify and expand the relationships we have with our clients over the long-term. Our business is built for scale; higher transaction volumes typically allow us to expand Net Revenue[(A)] and Adjusted EBITDA[(A)] margins. We have a strong balance sheet and strong Free Cash Flow[(A)] generating profile to support our long-term business objectives.

**Important factors affecting our results from operations**

Our business is subject to a variety of risks and uncertainties, and the targets outlined above contain forward-looking information. Please refer to the "Cautionary Note Regarding Forward-Looking Information" contained in this MD&A for a description of the risks that impact our business and that could cause our financial results to vary.

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**Financial Performance**
The following is a discussion of our consolidated financial condition and results of operations for the three months ended December 31, 2022 and 2021.

**Review of Operations - For the three months ended December 31, 2022**
We conduct our business in the U.S. and Canada through three reportable segments: (i) U.S. appraisal ("U.S. Appraisal"); (ii) U.S. title ("U.S. Title"); and (iii) Canada or Canadian. Expenses attributable to corporate activities are recorded in our Corporate segment. Please refer to the table in the "Foreign Currency Exchange Rates" section of this MD&A for additional details regarding the impact foreign currency exchange ("FX") had on our consolidated operating results for the three months ended December 31, 2022.

## Consolidated

| | Three months ended December 31 | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Change | % Change |
| Revenues | **$ 38,165** | $ 107,757 | $ (69,592) | -64.6% |
| Transaction costs | **$ 28,374** | $ 79,007 | $ (50,633) | -64.1% |
| Operating expenses | **$ 13,200** | $ 23,139 | $ (9,939) | -43.0% |
| Amortization | **$ 1,045** | $ 1,182 | $ (137) | -11.6% |
| *Non-GAAP measures* | | | | |
| Net Revenue(A) | **$ 9,791** | $ 28,750 | $ (18,959) | -65.9% |
| Net Revenue(A) margin | **25.7%** | 26.7% | -1.0% | -3.7% |
| Adjusted EBITDA(A) | **$ (2,941)** | $ 5,917 | $ (8,858) | -149.7% |
| Adjusted EBITDA(A) margin | **-30.0%** | 20.6% | -50.6% | -245.6% |

**Revenues**
Consolidated revenues declined due to lower revenues across all three segments. Revenues in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. The decline in U.S. Title segment revenues was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes. Canadian segment revenues declined due to lower market volumes for appraisal services, modestly lower insurance inspection revenues and FX, partially offset by net market share gains for appraisal services.

**Transaction costs**
Transaction costs declined on a consolidated basis across all three segments due in large part to lower addressable mortgage origination volumes, as outlined in the revenue discussion above. Transaction costs in our Canadian segment were also lower due to FX.

**Operating expenses**
The decline in consolidated operating expenses was due primarily to our U.S. Title segment which recorded a $6.6 million decline due to lower volumes serviced. Of this decline, $5.7 million was attributable to lower salary and benefit costs and $1.0 million was due to lower courier, office and bank charges. Operating expenses in our U.S. Appraisal segment declined $2.6 million on lower salary and benefit costs of $2.5 million. Operating expenses in our Canadian segment declined $0.2 million due to lower salary and benefit costs and other expenses. Corporate operating expenses declined $0.6 million due to lower salary and benefit costs of $0.3 million, reflecting lower Corporate segment headcount, and lower data center, communication, computer expenses and FX, partially offset by higher stock-based compensation expense.

**Amortization**
Amortization declined due to the sublease of a right-of-use asset in the second quarter of fiscal 2022 in our U.S. Appraisal segment.

**Net Revenue(A) and Adjusted EBITDA(A)**
On a consolidated basis, Net Revenue(A) declined on lower revenues generated across all three segments. U.S. Appraisal Net Revenue(A) declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients and new client additions. The decline in U.S. Title Net Revenue(A) was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes. Canadian segment Net Revenue(A) declined due to lower market volumes for appraisal services and FX, partially offset by net market share gains for appraisal services. Net Revenue(A) margins expanded in our U.S. Appraisal and Canadian segments but contracted in our U.S. Title segment. The increase in Net Revenue(A) margins in our U.S. Appraisal segment was

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due to leveraging our field professional network in a lower market environment and servicing more standard properties, due, in part, to the decline in GSE waivers. The decline in U.S. Title Net Revenue(A) margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. The increase in Net Revenue(A) margins in our Canadian segment was the result of leveraging our field professional network in a lower market environment and realizing higher Net Revenue(A) margins on insurance inspection services supplied. We recognized lower consolidated Adjusted EBITDA(A) across all three segments and lower Adjusted EBITDA(A) margins in our U.S. Appraisal and U.S. Title segments, owing, in large part, to lower addressable mortgage origination volumes. Adjusted EBITDA(A) margins in our Canadian segment increased due to lower comparative operating expenses from lower salary and benefit costs and other expenses.

## U.S. Appraisal

| | Three months ended December 31 | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Change | % Change |
| Revenues | **$ 28,260** | $ 79,335 | $ (51,075) | -64.4% |
| Transaction costs | **$ 20,636** | $ 62,983 | $ (42,347) | -67.2% |
| Operating expenses | **$ 5,309** | $ 7,867 | $ (2,558) | -32.5% |
| Amortization | **$ 155** | $ 281 | $ (126) | -44.8% |
| *Non-GAAP measures* | | | | |
| Net Revenue(A) | **$ 7,624** | $ 16,352 | $ (8,728) | -53.4% |
| Net Revenue(A) margin | **27.0%** | 20.6% | 6.4% | 31.1% |
| Adjusted EBITDA(A) | **$ 2,315** | $ 8,485 | $ (6,170) | -72.7% |
| Adjusted EBITDA(A) margin | **30.4%** | 51.9% | -21.5% | -41.4% |
| Revenues - purchase | **$ 13,693** | $ 24,857 | $ (11,164) | -44.9% |
| Revenues - refinance | **$ 8,264** | $ 48,078 | $ (39,814) | -82.8% |
| Revenues - other | **$ 6,303** | $ 6,400 | $ (97) | -1.5% |

### Revenues
U.S. Appraisal revenues declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues were flat compared to the first quarter of fiscal 2022 due to lower market volumes for home equity and default services, offset by market share gains with existing clients and new client additions. Year-over-year, we estimate that addressable mortgage origination volumes for purchase and refinance activity declined 48% and 83%, respectively, which compares to a 45% decline in revenues from purchase originations and an 83% decline in revenues from refinance originations.

### Transaction costs
Transaction costs in our U.S. Appraisal segment declined due in large part to lower addressable mortgage origination volumes, as outlined in the revenue discussion above. The decline in transaction costs was also a result of us leveraging our field professional network in a lower market environment and servicing more standard properties due, in part, to the decline in GSE waivers.

### Operating expenses
Operating expenses in our U.S. Appraisal segment declined $2.6 million on lower salary and benefit costs of $2.5 million.

### Amortization
Amortization declined due to the sublease of a right-of-use asset in the second quarter of fiscal 2022.

### Net Revenue(A) and Adjusted EBITDA(A)
Net Revenue(A) in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients and new client additions. Net Revenue(A) margins expanded in our U.S. Appraisal segment as we leveraged our field professional network in a lower market environment and serviced more standard properties due, in part, to the decline in GSE waivers. Adjusted EBITDA(A) margins contracted on lower Net Revenue(A), owing, in large part, to lower addressable mortgage origination market volumes.

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## U.S. Title

| | Three months ended December 31 | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Change | % Change |
| Revenues | **$ 2,361** | $ 16,195 | $ (13,834) | -85.4% |
| Transaction costs | **$ 1,541** | $ 5,442 | $ (3,901) | -71.7% |
| Operating expenses | **$ 3,718** | $ 10,311 | $ (6,593) | -63.9% |
| Amortization | **$ 790** | $ 768 | $ 22 | 2.9% |
| *Non-GAAP measures* | | | | |
| Net Revenue(A) | **$ 820** | $ 10,753 | $ (9,933) | -92.4% |
| Net Revenue(A) margin | **34.7%** | 66.4% | -31.7% | -47.7% |
| Adjusted EBITDA(A) | **$ (2,898)** | $ 442 | $ (3,340) | -755.7% |
| Adjusted EBITDA(A) margin | **-353.4%** | 4.1% | -357.5% | -8719.5% |
| Revenues - centralized title | **$ 1,192** | $ 14,247 | $ (13,055) | -91.6% |
| Revenues - diversified title | **$ 229** | $ 531 | $ (302) | -56.9% |
| Revenues - other | **$ 940** | $ 1,417 | $ (477) | -33.7% |

**Revenues**
The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes. We estimate the refinance mortgage origination market declined 89% year-over-year, which compares to a decrease of 92% for centralized title revenues.

**Transaction costs**
Transaction costs in our U.S. Title segment declined due in large part to lower addressable refinance mortgage origination volumes as outlined in the revenue discussion above, which was partially offset by a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed.

**Operating expenses**
Operating expenses in our U.S. Title segment declined $6.6 million due to lower salary and benefit costs of $5.7 million, which was down from $8.6 million in the first quarter of fiscal 2022, and lower courier, office and bank charges of $1.0 million, each the result of lower volumes serviced.

**Amortization**
Amortization increased modestly on higher amortization for computer equipment.

**Net Revenue(A) and Adjusted EBITDA(A)**
The decline in Net Revenue(A) was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes. The decline in Net Revenue(A) margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. We recognized lower Adjusted EBITDA(A) and Adjusted EBITDA(A) margins due to lower Net Revenue(A) and Net Revenue(A) margins, as outlined above, owing, in large part, to lower refinance mortgage origination market volumes.

## Canada

| | Three months ended December 31 | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Change | % Change |
| Revenues | **$ 7,544** | $ 12,227 | $ (4,683) | -38.3% |
| Transaction costs | **$ 6,197** | $ 10,582 | $ (4,385) | -41.4% |
| Operating expenses | **$ 482** | $ 696 | $ (214) | -30.7% |
| Amortization | **$ -** | $ - | $ - | 0.0% |
| *Non-GAAP measures* | | | | |
| Net Revenue(A) | **$ 1,347** | $ 1,645 | $ (298) | -18.1% |
| Net Revenue(A) margin | **17.9%** | 13.5% | 4.4% | 32.6% |
| Adjusted EBITDA(A) | **$ 865** | $ 949 | $ (84) | -8.9% |
| Adjusted EBITDA(A) margin | **64.2%** | 57.7% | 6.5% | 11.3% |

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

**Revenues**
Canadian segment revenues declined due to lower market volumes for appraisal services, modestly lower insurance inspection revenues and FX, partially offset by net market share gains for appraisal services. Canadian segment revenues from appraisal and insurance inspection services were $6.7 million and $0.8 million, respectively, in the first quarter of fiscal 2023, versus $11.3 million and $0.9 million in the same quarter last year.

**Transaction costs**
Transaction costs in our Canadian segment declined due in large part to lower market volumes for appraisal services, as outlined in the revenue discussion above. The decline in transaction costs was also a result of us leveraging our field professional network in a lower market environment.

**Operating expenses**
Canadian segment operating expenses declined $0.2 million due to lower salary and benefit costs and other expenses.

**Amortization**
Amortization was unchanged between the first quarter of fiscal 2023 and the first quarter of fiscal 2022.

**Net Revenue(A) and Adjusted EBITDA(A)**
Net Revenue(A) in our Canadian segment declined due to lower market volumes for appraisal services and FX, partially offset by net market share gains for appraisal services. Net Revenue(A) margins in our Canadian segment increased as we leveraged our field professional network in a lower market environment and realized higher Net Revenue(A) margins from insurance inspection services supplied. While Adjusted EBITDA(A) was modestly lower than the same quarter last year, Adjusted EBITDA(A) margins increased on lower comparative operating expenses from lower salary and benefit costs and other expenses.

## Corporate and other items

| | Three months ended December 31 | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Change | % Change |
| Operating expenses | **$ 3,691** | $ 4,265 | $ (574) | -13.5% |
| Amortization | **$ 100** | $ 133 | $ (33) | -24.8% |
| Other non-operating costs | **$ -** | $ 46 | $ (46) | -100.0% |
| Restructuring expenses | **$ 1,349** | $ - | $ 1,349 | 0.0% |
| Interest expense | **$ 52** | $ 75 | $ (23) | -30.7% |
| Interest income | **$ (111)** | $ (15) | $ (96) | 640.0% |
| Net foreign exchange loss | **$ 1,000** | $ 502 | $ 498 | 99.2% |
| Loss on fair value of derivatives | **$ 13** | $ - | $ 13 | 0.0% |
| Gain on fair value of warrants | **$ -** | $ (158) | $ 158 | -100.0% |
| Net income tax (recovery) expense | **$ (2,138)** | $ 1,343 | $ (3,481) | -259.2% |

**Operating expenses**
Corporate operating expenses declined $0.6 million due to lower salary and benefit costs of $0.3 million, reflecting lower Corporate segment headcount, and lower data center, communication, computer expenses and FX, partially offset by higher stock-based compensation expense.

**Amortization**
The modest decline in amortization expense was due to fully amortized computer equipment, furniture and fixtures and leasehold improvements.

**Other non-operating costs**
Other non-operating costs incurred in the first quarter of fiscal 2022 represented professional fees for advisory services.

**Restructuring expenses**
Restructuring expenses incurred in the first quarter of fiscal 2023 represent severance costs attributable to changes in our management and organizational structure.

**Interest expense**
The decline in interest expense reflects lower interest expense on lease liabilities in the first quarter of fiscal 2023.

**Interest income**
The increase in interest income reflects higher returns on invested cash balances in the first quarter of fiscal 2023.

**Net foreign exchange loss**
Net foreign exchange gains or losses represent non-cash gains or losses on long-term financing arrangements between our Canadian and U.S. entities within the consolidated group of companies. The resulting current and comparative quarter losses were the result of changes in the FX rate between the Canadian and U.S. dollar.

**Loss on fair value of derivatives**
In December 2022, we entered into a total return swap to manage our cash flow exposure arising from changes in our share price attributable to cash-settled restricted share units ("RSUs"). Since entering into the total return swap our share price has decreased, resulting in the recognition of a corresponding loss on the fair value of the derivative instrument.

**Gain on fair value of warrants**
All outstanding warrants were fully exercised in the second quarter of fiscal 2022, resulting in no gain or loss being recognized in the first quarter of fiscal 2023. In the first quarter of fiscal 2022, our share price declined, resulting in a decrease to our warrant liability accrual and the recognition of a corresponding gain on the fair value of warrants.

**Income tax (recovery) expense**
We recorded a loss before income tax expense of $6.8 million in the first quarter of fiscal 2023. Income tax calculated at the statutory income tax rate, including foreign income subject to a different statutory tax rate, resulted in an income tax recovery of $1.7 million. Income tax recoveries related to non-deductible expenses, which include RSUs, and non-taxable income, totaled $0.4 million.

## Non-GAAP measures

We prepare our financial statements in accordance with IFRS. However, we consider certain Non-GAAP financial measures useful additional information to assess our financial performance. These measures, which we believe are widely used by investors, securities analysts and other interested parties to evaluate our performance, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures include "Adjusted EBITDA", "Net Revenue", "Adjusted Net Income or Loss", "Free Cash Flow" and "Free Cash Flow Conversion".

**(A)**

### Adjusted EBITDA

All references to ''Adjusted EBITDA'' in this MD&A are to net income or loss before stock-based compensation expense, amortization, 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 is a measure of our operating profitability and therefore excludes certain items that are viewed by us as either non-cash (in the case of equity-settled stock-based compensation expense, amortization, unrealized net foreign exchange gain or loss, gain or loss on the fair value of derivatives, gain or loss on the fair value of warrants and deferred income taxes) or non-operating (in the case of cash-settled stock-based compensation expense, other non-operating costs, restructuring expenses, realized net foreign exchange gain or loss, interest expense, interest income and current income taxes). Adjusted EBITDA is a useful financial and operating metric for the Company and our board of directors and represents a measure of our operating performance to value our Company relative to our peers. The reasons for excluding each item are as follows:

*Stock-based compensation expense*: These costs represent non-cash expenses for equity-settled stock-based compensation awards and non-operating expenses for cash-settled stock-based compensation awards. These amounts are recorded to operating expenses and represent a different class of expense than those included in Adjusted EBITDA.

*Amortization*: As a non-cash item, amortization is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

*Other non-operating costs:* Other non-operating costs represent non-operating items and include professional fees for advisory services not attributable to the operation of the business. These costs are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

*Restructuring expenses:* Restructuring expenses represent costs attributable to employee severance resulting from changes in our management and organizational structure. These costs are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

*Interest expense and income*: Interest expense or income reflects our debt and equity mix, interest rates, investment strategy and borrowing position from time-to-time. Accordingly, interest expense or income reflects our treasury and financing activities and therefore represents a different class of expense or income than those included in Adjusted EBITDA.

*Net foreign exchange gain or loss*: As non-cash items, unrealized net foreign exchange gains or losses are not indicative of our operating profitability. Realized net foreign exchange gains or losses reflect our treasury and financing activities and represents a different class of income or expense than those included in Adjusted EBITDA.

*Gain or loss on fair value of derivatives*: As a non-cash item, gains or losses resulting from the fair value of derivatives are not indicative of our operating profitability. Gains or losses from the fair value of derivatives reflect our treasury activities and represents a different class of income or expense than those included in Adjusted EBITDA.

*Gain or loss on fair value of warrants*: As a non-cash item, gains or losses resulting from the fair value of warrants is not indicative of our operating profitability. Gains or losses from the fair value of warrants reflects our treasury and financing activities and represents a different class of income or expense than those included in Adjusted EBITDA.

*Income taxes:* Income taxes are a function of tax laws and rates and are affected by matters that are separate from our daily operations. Income taxes are not indicative of our operating profitability and represents a different class of expense or recovery than those included in Adjusted EBITDA.

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the unaudited condensed consolidated statements of operations and comprehensive income or loss for the three months ended December 31, 2022 and 2021. 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 | |
|---|---|---|
| | **2022** | 2021 |
| Net (loss) income | **$ (4,619)** | $ 2,636 |
| Stock-based compensation expense | **468** | 306 |
| Amortization | **1,045** | 1,182 |
| Other non-operating costs | **-** | 46 |
| Restructuring expenses | **1,349** | - |
| Interest expense | **52** | 75 |
| Interest income | **(111)** | (15) |
| Net foreign exchange loss | **1,000** | 502 |
| Loss on fair value of derivatives | **13** | - |
| Gain on fair value of warrants | **-** | (158) |
| Income tax (recovery) expense | **(2,138)** | 1,343 |
| Adjusted EBITDA | **$ (2,941)** | $ 5,917 |

Management calculates Adjusted EBITDA as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Revenues | **$ 38,165** | $ 107,757 |
| Less: Transaction costs | **28,374** | 79,007 |
| Less: Operating expenses | **13,200** | 23,139 |
| Add: Stock-based compensation expense | **468** | 306 |
| Adjusted EBITDA | **$ (2,941)** | $ 5,917 |

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

Adjusted EBITDA by reportable segment was as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| U.S. Appraisal | **$ 2,315** | $ 8,485 |
| U.S. Title | **(2,898)** | 442 |
| Canada | **865** | 949 |
| Corporate (excluding stock-based compensation expense) | **(3,223)** | (3,959) |
| Consolidated Adjusted EBITDA | **$ (2,941)** | $ 5,917 |

Adjusted EBITDA margin (expressed as Adjusted EBITDA divided by Net Revenue) by reportable segment and consolidated was as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| U.S. Appraisal | **30.4%** | 51.9% |
| U.S. Title | **-353.4%** | 4.1% |
| Canada | **64.2%** | 57.7% |
| Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation expense) | **-30.0%** | 20.6% |

**Net Revenue**

All references to "Net Revenue" in this MD&A are to Adjusted EBITDA plus operating expenses less stock-based compensation expense. Net Revenue is an additional measure of our operating profitability and therefore excludes certain items detailed below. Net Revenue represents the difference between revenues and transaction costs. Transaction costs represent expenses directly attributable to a revenue transaction and include: appraisal costs, various processing fees, credit card fees, connectivity fees, insurance inspection costs, closing agent costs, external abstractor costs and external quality review costs. Net Revenue is a useful financial and operating metric for us and our board of directors to assess our operating performance and serves as a measure to value our Company relative to our peers.

The reconciling items between net income or loss and Net Revenue for the three months ended December 31, 2022 and 2021 are detailed in the unaudited condensed consolidated statements of operations and comprehensive income or loss and were as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Net (loss) income | **$ (4,619)** | $ 2,636 |
| Operating expenses | **13,200** | 23,139 |
| Amortization | **1,045** | 1,182 |
| Other non-operating costs | **-** | 46 |
| Restructuring expenses | **1,349** | - |
| Interest expense | **52** | 75 |
| Interest income | **(111)** | (15) |
| Net foreign exchange loss | **1,000** | 502 |
| Loss on fair value of derivatives | **13** | - |
| Gain on fair value of warrants | **-** | (158) |
| Income tax (recovery) expense | **(2,138)** | 1,343 |
| Net Revenue | **$ 9,791** | $ 28,750 |

Management calculates Net Revenue as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Revenues | **$ 38,165** | $ 107,757 |
| Less: Transaction costs | **28,374** | 79,007 |
| Net Revenue | **$ 9,791** | $ 28,750 |

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

Net Revenue by reportable segment was as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| U.S. Appraisal | **$ 7,624** | $ 16,352 |
| U.S. Title | **820** | 10,753 |
| Canada | **1,347** | 1,645 |
| Consolidated Net Revenue | **$ 9,791** | $ 28,750 |

Net Revenue margin (expressed as Net Revenue divided by Revenues) by reportable segment and consolidated was as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| U.S. Appraisal | **27.0%** | 20.6% |
| U.S. Title | **34.7%** | 66.4% |
| Canada | **17.9%** | 13.5% |
| Consolidated Net Revenue margin | **25.7%** | 26.7% |

**Adjusted Net Income or Loss**

All references to "Adjusted Net Income or Loss" in this MD&A are to net income or loss before stock-based compensation expense, amortization of intangibles, other non-operating costs, restructuring expenses, net foreign exchange gain or loss, gain or loss on fair value of derivatives, gain or loss on fair value of warrants, net of the related tax effects. Adjusted Net Income or Loss is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Adjusted Net Income or Loss is a measure of our operating profitability and, by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of equity-settled stock-based compensation expense, amortization of intangibles, unrealized net foreign exchange gain or loss, gain or loss on fair value of derivatives and gain or loss on fair value of warrants) or non-operating (in the case of cash-settled stock-based compensation expense, other non-operating costs, restructuring expenses and realized net foreign exchange gain or loss). Adjusted Net Income or Loss is a useful financial and operating metric for us and our board of directors as it represents net income from operations which excludes treasury, capital, acquisition and related costs, non-operating costs, restructuring expenses and impairment of goodwill.

The reconciling items between net income or loss and Adjusted Net Income or Loss for the three months ended December 31, 2022 and 2021 were as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Net (loss) income | **$ (4,619)** | $ 2,636 |
| Stock-based compensation expense | **468** | 306 |
| Amortization of intangibles | **357** | 346 |
| Other non-operating costs | **-** | 46 |
| Restructuring expenses | **1,349** | - |
| Net foreign exchange loss | **1,000** | 502 |
| Loss on fair value of derivatives | **13** | - |
| Gain on fair value of warrants | **-** | (158) |
| Related tax effects | **(711)** | (200) |
| Adjusted Net (Loss) Income | **$ (2,143)** | $ 3,478 |

**Free Cash Flow and Free Cash Flow Conversion**

All references to "Free Cash Flow" in this MD&A are to cash generated from operating activities, adjusted for changes in non-cash working capital items, intangible asset additions, property and equipment additions, income taxes paid, current income tax expense, other non-operating costs, restructuring expenses, interest expense net of interest paid and net foreign currency exchange gain or loss net of unrealized foreign currency exchange gain or loss on internal financing arrangements. Free Cash Flow is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Free Cash Flow is a measure of our ability to generate cash from operating activities and represents a proxy for cash to cover costs, including but not limited to, interest expense, current income taxes, intangible asset additions and property and equipment additions, and by definition, excludes certain items detailed above. Excluded items are viewed by us as non-cash (in the case of net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements), or non-operating (in the case of other non-operating costs and restructuring expenses). We exclude changes in non-cash working capital items from the calculation of Free Cash Flow, as changes in non-cash working capital items are often temporary in nature and reflect the timing of cash receipts for trade and other receivables or payments made on account of trade payables or accrued liabilities. We further exclude differences attributable to the timing of cash tax and interest payments and have reduced Free Cash Flow by the expense recognized for each as recorded in our unaudited condensed consolidated statements of operations and comprehensive income or loss. Free Cash Flow is a useful financial and operating metric for us and our board of directors as it represents a proxy for our ability to generate cash that we can use for other purposes, including but not limited to, the purchase of shares under our NCIB (defined below) and future acquisitions or investment.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

All references to "Free Cash Flow Conversion" in this MD&A are to Free Cash Flow divided by Adjusted EBITDA. Free Cash Flow Conversion is a useful financial and operating metric for us and our board of directors as it represents a proxy for our ability to convert Adjusted EBITDA to Free Cash Flow.

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Cash (utilized in) generated from operating activities | **$ (430)** | $ 18,774 |
| Less: changes in non-cash working capital items | **6,361** | 16,541 |
| Less: intangible asset additions | **111** | - |
| Less: property and equipment additions | **153** | 192 |
| Add: income taxes paid | **2,500** | 3,468 |
| Less: current income tax expense | **140** | 497 |
| Add: other non-operating costs | **-** | 46 |
| Add: restructuring expenses | **1,349** | - |
| Add: net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements | **60** | 110 |
| Free Cash Flow | **$ (3,286)** | $ 5,168 |

Management calculates Free Cash Flow as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Adjusted EBITDA | **$ (2,941)** | $ 5,917 |
| Less: interest expense | **52** | 75 |
| Add: interest income | **111** | 15 |
| Less: current income tax expense | **140** | 497 |
| Less: intangible asset additions | **111** | - |
| Less: property and equipment additions | **153** | 192 |
| Free Cash Flow | **$ (3,286)** | $ 5,168 |

Free Cash Flow Conversion is calculated as follows:

| | Three months ended December 31 | |
|---|---|---|
| | **2022** | 2021 |
| Free Cash Flow | **$ (3,286)** | $ 5,168 |
| Divided by: Adjusted EBITDA | **$ (2,941)** | $ 5,917 |
| Free Cash Flow Conversion | **111.7%** | 87.3% |

Adjusted EBITDA, Net Revenue, Adjusted Net Income or Loss, Free Cash Flow and Free Cash Flow Conversion should not be considered, in isolation, indicators of our financial performance, or as an alternative to, or a substitute for, net income or loss, cash from operating activities or other financial statement data presented in our financial statements.

## Dividends

The Company's current policy is to not pay dividends.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

## Summary of Quarterly Results

| **2023** | **Q1** | **Total** |
|---|---|---|
| Revenues | | |
| U.S. Appraisal | **$ 28,260** | **$ 28,260** |
| U.S. Title | **2,361** | **2,361** |
| Canada | **7,544** | **7,544** |
| Total revenues | **$ 38,165** | **$ 38,165** |
| Net loss | **$ (4,619)** | **$ (4,619)** |
| Net loss - attributable to common shareholders | **$ (4,596)** | **$ (4,596)** |
| Net loss per weighted average share, basic | **$ (0.06)** | **$ (0.06)** |
| Net loss per weighted average share, diluted | **$ (0.06)** | **$ (0.06)** |

| 2022 | Q4 | Q3 | Q2 | Q1 | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| U.S. Appraisal | $ 43,908 | $ 57,299 | $ 70,374 | $ 79,335 | $ 250,916 |
| U.S. Title | 3,966 | 5,606 | 10,775 | 16,195 | 36,542 |
| Canada | 10,326 | 15,799 | 13,832 | 12,227 | 52,184 |
| Total revenues | $ 58,200 | $ 78,704 | $ 94,981 | $ 107,757 | $ 339,642 |
| Net (loss) income | $ (9,968) | $ (1,424) | $ (509) | $ 2,636 | $ (9,265) |
| Net (loss) income - attributable to common shareholders | $ (9,960) | $ (1,437) | $ (545) | $ 2,670 | $ (9,272) |
| Net (loss) income per weighted average share, basic | $ (0.14) | $ (0.02) | $ (0.01) | $ 0.03 | $ (0.12) |
| Net (loss) income per weighted average share, diluted | $ (0.14) | $ (0.02) | $ (0.01) | $ 0.03 | $ (0.12) |

| 2021 | Q4 | Q3 | Q2 | Q1 | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| U.S. Appraisal | $ 90,877 | $ 85,341 | $ 76,336 | $ 69,555 | $ 322,109 |
| U.S. Title | 21,831 | 27,720 | 40,050 | 39,937 | 129,538 |
| Canada | 12,875 | 16,337 | 12,442 | 10,806 | 52,460 |
| Total revenues | $ 125,583 | $ 129,398 | $ 128,828 | $ 120,298 | $ 504,107 |
| Net income | $ 9,055 | $ 5,262 | $ 11,674 | $ 7,089 | $ 33,080 |
| Net income - attributable to common shareholders | $ 9,069 | $ 5,269 | $ 11,538 | $ 7,116 | $ 32,992 |
| Net income per weighted average share, basic | $ 0.11 | $ 0.06 | $ 0.14 | $ 0.08 | $ 0.40 |
| Net income per weighted average share, diluted | $ 0.11 | $ 0.06 | $ 0.13 | $ 0.08 | $ 0.39 |

**Revenues**

*U.S. Appraisal Segment*

| | Q4 | Q3 | Q2 | Q1 | Year-to-date period total | Total |
|---|---|---|---|---|---|---|
| **2023** | | | | **$ 28,260** | **$ 28,260** | **$ 28,260** |
| 2022 | $ 43,908 | $ 57,299 | $ 70,374 | $ 79,335 | $ 79,335 | $ 250,916 |
| 2021 | $ 90,877 | $ 85,341 | $ 76,336 | $ 69,555 | $ 69,555 | $ 322,109 |
| | | | | | | |
| **Change (2023-2022)** | | | | **$ (51,075)** | **$ (51,075)** | |
| Change (2022-2021) | $ (46,969) | $ (28,042) | $ (5,962) | $ 9,780 | $ 9,780 | $ (71,193) |

**2023-2022**

U.S. Appraisal revenues declined in the first quarter of fiscal 2023 due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues in the first quarter of fiscal 2023 were flat compared to the first quarter of fiscal 2022 due to lower market volumes for home equity and default services, offset by market share gains with existing clients and new client additions.

2022-2021

U.S. Appraisal revenues increased in the first quarter of fiscal 2022 due to net market share gains and new client additions, partially offset by lower addressable mortgage origination market volumes, while other revenues increased on higher market volumes for home equity and default services.

U.S. Appraisal revenues declined in the second, third and fourth quarters of fiscal 2022 due to lower addressable mortgage origination market volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues increased due to higher market volumes for home equity and default services, market share gains with existing clients and new client additions.

*U.S. Title Segment*

| | Q4 | Q3 | Q2 | Q1 | Year-to-date period total | Total |
|---|---|---|---|---|---|---|
| **2023** | | | | **$ 2,361** | **$ 2,361** | **$ 2,361** |
| 2022 | $ 3,966 | $ 5,606 | $ 10,775 | $ 16,195 | $ 16,195 | $ 36,542 |
| 2021 | $ 21,831 | $ 27,720 | $ 40,050 | $ 39,937 | $ 39,937 | $ 129,538 |
| | | | | | | |
| **Change (2023-2022)** | | | | **$ (13,834)** | **$ (13,834)** | |
| Change (2022-2021) | $ (17,865) | $ (22,114) | $ (29,275) | $ (23,742) | $ (23,742) | $ (92,996) |

**2023-2022**

U.S. Title segment revenues declined in the first quarter of fiscal 2023 due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes.

2022-2021

U.S. Title segment revenues declined in each quarter of fiscal 2022 versus the same quarter in fiscal 2021 due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity revenues in the first three quarters of fiscal 2022 and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity.

*Canadian Segment – expressed in thousands of Canadian dollars ("C$")*

| | Q4 | Q3 | Q2 | Q1 | Year-to-date period total | Total |
|---|---|---|---|---|---|---|
| **2023** | | | | **$ 10,245** | **$ 10,245** | **$ 10,245** |
| 2022 | $ 13,591 | $ 20,143 | $ 17,511 | $ 15,406 | $ 15,406 | $ 66,651 |
| 2021 | $ 16,221 | $ 20,242 | $ 15,788 | $ 14,080 | $ 14,080 | $ 66,331 |
| | | | | | | |
| **Change (2023-2022)** | | | | **$ (5,161)** | **$ (5,161)** | |
| Change (2022-2021) | $ (2,630) | $ (99) | $ 1,723 | $ 1,326 | $ 1,326 | $ 320 |

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

**2023-2022**
Canadian segment revenues declined in the first quarter of fiscal 2023 due to lower market volumes for appraisal services and modestly lower insurance inspection revenues, partially offset by net market share gains for appraisal services.

2022-2021
Canadian segment revenues increased in the first and second quarters of fiscal 2022 due to net market share gains for appraisal services and modestly higher revenues from insurance inspection services resulting from the relaxation of certain COVID-19 restrictions.

Canadian segment revenues declined in the third and fourth quarters of fiscal 2022 due to lower market volumes for appraisal services, partially offset by net market share gains for appraisal services. Insurance inspection revenues were modestly higher in the third quarter of fiscal 2022 and modestly lower in the fourth quarter of fiscal 2022.

## Net (loss) income

| | Q4 | Q3 | Q2 | Q1 | Year-to-date period total | Total |
|---|---|---|---|---|---|---|
| **2023** | | | | **$ (4,619)** | **$ (4,619)** | **$ (4,619)** |
| 2022 | $ (9,968) | $ (1,424) | $ (509) | $ 2,636 | $ 2,636 | $ (9,265) |
| 2021 | $ 9,055 | $ 5,262 | $ 11,674 | $ 7,089 | $ 7,089 | $ 33,080 |
| | | | | | | |
| **Change (2023-2022)** | | | | **$ (7,255)** | **$ (7,255)** | |
| Change (2022-2021) | $ (19,023) | $ (6,686) | $ (12,183) | $ (4,453) | $ (4,453) | $ (42,345) |

Net income or loss generally follows the rise and fall in revenues due to the seasonal and cyclical nature of our business. However, net income or loss is also impacted by changes in stock-based compensation expense, amortization, other non-operating costs, restructuring expenses, interest expense, interest income, net foreign exchange gains or losses, net gains or losses on fair value of derivatives and gains or losses on fair value of warrants, which are not tied to the seasonal and cyclical nature of our business and fluctuate with other non-operating variables. Net income tax expense or recovery also impacts net income or loss.

**2023-2022**
We recorded a net loss in the first quarter of fiscal 2023 which compares to net income in the first quarter of fiscal 2022. Lower Adjusted EBITDA(A) contributions recognized across each of our segments, details of which are outlined in the "Review of Operations - For the three months ended December 31, 2022" section of this MD&A, was the primary contributor to the current quarter loss. In addition, we recorded restructuring expenses of $1.3 million in the first quarter of fiscal 2023, representing severance costs attributable to changes in our management and organizational structure, compared to $nil in the same quarter last year. In the first quarter of fiscal 2023, we recognized higher foreign currency exchange losses of $0.5 million as a result of changes in the Canadian dollar relative to the U.S. dollar. The aforementioned contributors to the higher net loss in the first quarter of fiscal 2023 compared to the same quarter last year, were partially offset by lower cash and deferred income tax expenses of $3.5 million. Lower cash and deferred income tax expenses reflect the decline in our financial performance which was due in large part to the comparative decline in mortgage market origination volumes.

2022-2021
Net income in the first quarter of fiscal 2022 declined versus the first quarter in fiscal 2021 due to lower Adjusted EBITDA(A) contributions across each of our segments, but primarily attributable to our U.S. Title segment. The decline in Adjusted EBITDA(A) for our U.S. Title segment was due to lower refinance mortgage origination market volumes and our strategic decisions in fiscal 2021 to focus on our centralized operations and long-term centralized franchise clients and rationalize our diversified title business to align with our long-term market share objectives. The comparative decline in Adjusted EBITDA(A) and corresponding impact to net income between quarters, was partially offset by lower net foreign exchange losses of $5.5 million, due to a weaker Canadian versus U.S. dollar, and lower income tax expense due to the lower comparative operating performance of our U.S. Title segment.

Net income in the second quarter of fiscal 2022 declined versus the second quarter in fiscal 2021 due to lower Adjusted EBITDA(A) contributions from our U.S. operating segments, primarily attributable to our U.S. Title segment. The decline in Adjusted EBITDA(A) for our U.S. Title segment was due to lower refinance mortgage origination market volumes and our strategic decisions in fiscal 2021 to focus on our centralized operations and long-term centralized franchise clients and rationalize our diversified title business to align with our long-term market share objectives. The comparative decline in Adjusted EBITDA(A) of $16.5 million led to a $5.0 million decline in income tax expense between quarters. The decline in gains recognized on the fair value of warrants of $0.7 million also contributed to the decline in net income in the second quarter of fiscal 2022 versus the same quarter in fiscal 2021.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

We recorded a net loss in the third quarter of fiscal 2022 versus net income in the third quarter of fiscal 2021 due to lower Adjusted EBITDA(A) generated by our U.S. operating segments, partially offset by lower Corporate operating expenses. The increase in foreign currency exchange gains of $4.7 million partially offset the decline in net income from lower Adjusted EBITDA(A) of $11.7 million versus the third quarter in fiscal 2021.

We recorded a net loss in the fourth quarter of fiscal 2022 versus net income in the fourth quarter of fiscal 2021 due to the recognition of an impairment charge, and corresponding net loss, of $17.3 million for goodwill attributable to our U.S. Title segment due to a continued decline in economic and market conditions for mortgage origination refinance activity. Lower Adjusted EBITDA(A) generated by our U.S. operating segments, partially offset by lower Corporate operating expenses, each outlined in the "Review of Operations - For the three months ended September 30, 2022" section of this MD&A also contributed to the higher net loss in the fourth quarter of fiscal 2022. All outstanding warrants were fully exercised in the second quarter of fiscal 2022, accordingly we did not recognize a similar gain on the fair value of warrants that we recognized in the fourth quarter of fiscal 2021. These contributors to the higher net loss recorded in the fourth quarter of fiscal 2022 versus fiscal 2021 were partially offset by higher foreign currency exchange gains of $2.7 million and a higher deferred income tax recovery of $7.3 million, reflecting the decline in our financial performance and a deferred tax recovery attributable to the impairment of goodwill in our U.S. Title segment.

**Net (loss) income per weighted average share, basic and diluted**
**2023-2022**
The change in net income or loss per weighted average share in the first quarter of fiscal 2023 versus the comparable quarter in fiscal 2022 is detailed above. The comparative change in our diluted weighted average share count was attributable to equity-settled stock-based compensation grants and forfeitures.

2022-2021
The change in net income or loss per weighted average share in each quarter of fiscal 2022 versus the comparable quarter in fiscal 2021 is detailed above. The comparative change in our diluted weighted average share count was attributable to stock-based compensation grants and forfeitures, the exercise of warrants and shares purchased under our NCIB (defined below).

## Financial Condition

**Select Consolidated Statement of Financial Position ("Balance Sheet") Information**

| | | | | **As at December 31, 2022** |
|---|---|---|---|---|
| | **U.S.** | **Canada** | **Corporate** | **Total** |
| Trade and other receivables | **$ 8,839** | **$ 1,173** | **$ -** | **$ 10,012** |
| Intangibles | **$ 4,559** | **$ -** | **$ 189** | **$ 4,748** |
| Goodwill | **$ 43,181** | **$ -** | **$ -** | **$ 43,181** |
| Working capital position<br>- (current assets less current liabilities) | **$ 43,616** | **$ 7** | **$ 3,228** | **$ 46,851** |

| | | | | As at September 30, 2022 |
|---|---|---|---|---|
| | U.S. | Canada | Corporate | Total |
| Trade and other receivables | $ 18,166 | $ 1,665 | $ - | $ 19,831 |
| Intangibles | $ 4,893 | $ - | $ 99 | $ 4,992 |
| Goodwill | $ 43,181 | $ - | $ - | $ 43,181 |
| Working capital position<br>- (current assets less current liabilities) | $ 53,567 | $ (2,742) | $ 1,222 | $ 52,047 |

| **Trade and other receivables – December 31, 2022 versus September 30, 2022** | |
|---|---|
| Change - Consolidated | **$ (9,819)** |
| Change - U.S. | **$ (9,327)** |
| Change - Canada | **$ (492)** |
| Change - Corporate | **$ -** |

The decline in trade and other receivables for our U.S. and Canadian operations was due in large part to lower mortgage origination market activity.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

**Intangibles – December 31, 2022 versus September 30, 2022**

| | | |
|---|---|---|
| Change - Consolidated | $ | **(244)** |
| Change - U.S. | $ | **(334)** |
| Change - Canada | $ | **-** |
| Change - Corporate | $ | **90** |

The decline in intangibles was due to normal course amortization recorded in our U.S. segments, partially offset by capitalized software development costs incurred to enhance our software platforms.

**Goodwill – December 31, 2022 versus September 30, 2022**

| | | |
|---|---|---|
| Change - Consolidated | $ | **-** |
| Change - U.S. | $ | **-** |
| Change - Canada | $ | **-** |
| Change - Corporate | $ | **-** |

No change to goodwill between periods.

**Working capital position – December 31, 2022 versus September 30, 2022**

| | | |
|---|---|---|
| Change - Consolidated | $ | **(5,196)** |
| Change - U.S. | $ | **(9,951)** |
| Change - Canada | $ | **2,749** |
| Change - Corporate | $ | **2,006** |

Our consolidated working capital position declined on a comparative basis. Total current assets declined $9.2 million while total current liabilities declined $4.0 million. The decline in total current assets was due to lower trade and other receivables of $9.8 million, lower cash and cash equivalents of $1.0 million and lower prepaid expenses of $0.7 million, partially offset by higher income taxes recoverable of $2.3 million. The decline in trade and other receivables was due in large part to lower mortgage origination market activity, as outlined in the trade and other receivables discussion above. The decline in cash and cash equivalents was due to negative Adjusted EBITDA(A) of $2.9 million recognized in the first quarter of fiscal 2023, owing to lower mortgage origination activity, restructuring expenses of $1.3 million attributable to changes in our management and organizational structure, income taxes paid of $2.5 million due to the timing of withholding tax payments made by our Canadian segment, aggregate intangible and capital asset additions of $0.3 million for right-of-use assets and software development and net repayments of lease liabilities of $0.3 million. These contributors to the decline in cash and cash equivalents were partially offset by a non-cash working capital recovery of $6.4 million, due primarily to the collection of trade and other receivables in a lower market environment. Lower prepaid expenses represent normal course amortization of prepaid insurance premiums and prepaid computer support and the increase in income taxes recoverable reflects higher income taxes paid than the current quarter provision for income taxes payable. The decline in total current liabilities was due to a decrease in trade payables and accrued charges of $4.1 million, in the aggregate, owing to the comparative decline in volumes serviced by our U.S. and Canadian operations and the timing of certain payments.

The working capital position in our U.S. operations declined on a comparative basis. Total current assets declined $12.7 million while total current liabilities declined $2.7 million. The decline in total current assets was due to lower trade and other receivables of $9.3 million, lower cash and cash equivalents of $3.1 million and lower prepaid expenses of $0.3 million. The decline in trade and other receivables was due in large part to lower mortgage origination market activity, as outlined in the trade and other receivables discussion above. The decline in cash and cash equivalents was due to the movement of cash between the U.S. and Canada to support the payment of withholding tax payments made by our Canadian segment, coupled with negative Adjusted EBITDA(A) generated in the first quarter of fiscal 2023 by our U.S. operations. Lower prepaid expenses represent normal course amortization of prepaid insurance premiums. The decline in total current liabilities was due to a decrease in trade payables and accrued charges of $2.9 million, in the aggregate, owing to the comparative decline in volumes serviced by our U.S. operations and the timing of certain payments.

The working capital position in our Canadian and Corporate segments increased on a comparative basis. Total current assets increased $3.5 million while total current liabilities declined $1.2 million. The increase in total current assets reflects higher cash and cash equivalents of $2.1 million and higher income taxes recoverable of $2.3 million, partially offset by lower trade and other receivables of $0.5 million and lower prepaid expenses of $0.5 million. The increase in cash and cash equivalents was due to the movement of cash between the U.S. and Canada, while the increase in income taxes recoverable reflects higher income taxes paid than the current quarter provision for income taxes payable. The decline in trade and other receivables was due in large part to lower mortgage origination market activity, as outlined in the trade and other receivables discussion above, and lower prepaid expenses represent normal course amortization of prepaid insurance premiums and prepaid computer support. The decline in total current liabilities was due to a decrease in trade payables and accrued charges of $1.2 million, in the aggregate, owing to the comparative decline in volumes serviced by our Canadian operations and the timing of certain payments.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

**Disclosure of outstanding share capital**

| | December 31, 2022 | |
|---|---|---|
| | Shares | $ |
| Common shares | 72,693 | 227,276 |
| Restricted shares | (101) | (311) |
| Preferred shares | - | - |
| Total contributed equity | 72,592 | 226,965 |

| | January 26, 2023 | |
|---|---|---|
| | Shares | $ |
| Common shares | 72,693 | 227,276 |
| Restricted shares | (101) | (311) |
| Preferred shares | - | - |
| Total contributed equity | 72,592 | 226,965 |

**Normal course issuer bid ("NCIB")**
Effective June 11, 2021, we received approval from the Toronto Stock Exchange ("TSX") to renew our NCIB for a one-year period expiring on June 10, 2022. Under the renewed NCIB, we were approved to purchase up to 4 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 153,956 common shares. Effective November 24, 2021, we received approval from the TSX to amend our NCIB to increase the number of common shares available for purchase and cancellation from 4 million to 6 million. Effective May 6, 2022, the Company received approval from the TSX to further amend its NCIB to increase the number of common shares available for purchase and cancellation from 6 million to 7.6 million.

Effective June 13, 2022, we received approval from the TSX to renew our NCIB for a one-year period expiring on June 12, 2023. Under the renewed NCIB, we are approved to purchase up to 6 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 99,319 common shares.

Under each NCIB, we were/are permitted to purchase a block of common shares once a week which can exceed the daily purchase limit subject to certain conditions, including a limitation that the block cannot be owned by an insider. All shares purchased pursuant to the NCIB have been, or will be, cancelled.

For the three months ended December 31, 2022, 0.003 million (2021 – 0.7 million) common shares were purchased and cancelled at an aggregate cost of $0.01 million (2021 - $5.1 million).

As of January 26, 2023, no additional common shares were purchased and cancelled or settled since December 31, 2022.

**Stock options**
At December 31, 2022, stock options issued and outstanding totaled 4.4 million (September 30, 2022 – 4.4 million) and 4.0 million (September 30, 2022 – 3.8 million) were exercisable for common shares of the Company.

**RSUs**
At December 31, 2022, RSUs issued and outstanding totaled 0.8 million (September 30, 2022 – 0.2 million) and 0.2 million (September 30, 2022 – 0.07 million) were vested but unsettled.

## Liquidity and Capital Resources

| **Contractual obligations** | | | | | **December 31, 2022** |
|---|---|---|---|---|---|
| | | | Payments due | | |
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Leases | **$ 4,247** | **$ 1,837** | **$ 2,083** | **$ 314** | **$ 13** |
| Derivatives - total return swap | **13** | **-** | **13** | **-** | **-** |
| Total contractual obligations | **$ 4,260** | **$ 1,837** | **$ 2,096** | **$ 314** | **$ 13** |

The Company expects that cash and cash equivalents and future operating cash flows will enable the Company to fund its ongoing business requirements, including working capital and other contractual obligations.

*Total return swap*
In December 2022, we entered into a total return swap to manage our cash flow exposure arising from changes in our share price attributable to cash-settled RSUs. Details of the total return swap as at December 31, 2022 are as follows:

**Total return swap**

| Date entered | Notional amount C$ (expressed in millions) | Share price C$ | Number of units (expressed in millions) | Effective date | Expiration date |
|---|---|---|---|---|---|
| December 2022 | $2.4 | $4.21 | 0.6 | December 2022 | December 2025 |

**Cash flows**

| | Three months ended December 31 | | |
|---|---|---|---|
| | **2022** | 2021 | Change |
| Cash flows (utilized in) generated from: | | | |
| Operating activities | **$ (430)** | $ 18,774 | $ (19,204) |
| Investing activities | **$ (197)** | $ (192) | $ (5) |
| Financing activities | **$ (427)** | $ (5,482) | $ 5,055 |

*Operating activities*
Cash generated from operating activities declined $19.2 million due in part to the $8.9 million decline in Adjusted EBITDA[(A)] as outlined in the "Review of Operations - For the three months ended December 31, 2022" section of this MD&A. Non-cash working capital declined $10.2 million, which was due in large part to the timing of payments received from two significant clients in our U.S. Appraisal segment in the first quarter of fiscal 2022, coupled with lower comparative mortgage origination market activity that led to lower trade and other receivables balances. Higher comparative restructuring charges attributable to changes in our management and organizational structure of $1.3 million was partially offset by lower comparative income taxes paid of $1.0 million.

*Investing activities*
Cash utilized in investing activities was flat to the same quarter last year.

*Financing activities*
Cash utilized in financing activities was lower on a comparative basis by $5.1 million and due entirely to the decline in shares purchased under our NCIB.

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

## Foreign Currency Exchange Rates

Although our functional currency is the Canadian dollar, we have elected to report our financial results in U.S. dollars to improve the comparability of our financial results with our peers. Reporting our results in U.S. dollars also reduces the impact foreign currency exchange fluctuations have on our reported amounts because our complement of assets and operations are larger in the U.S. than they are in Canada.

Our consolidated financial position and operating results have been translated to U.S. dollars applying FX rates outlined in the table below. FX rates are expressed as the amount of U.S. dollars required to purchase one Canadian dollar and represents the daily average rate published by the Bank of Canada.

| | **Q1 2023** | | | Q1 2022 | | |
|---|---|---|---|---|---|---|
| | **Condensed Consolidated Balance Sheet** | **Condensed Consolidated Statement of Operations and Comprehensive Income or loss** | | Condensed Consolidated Balance Sheet | Condensed Consolidated Statement of Operations and Comprehensive Income or loss | |
| | **Current** | **Average** | **Cumulative Average** | Current | Average | Cumulative Average |
| **December 31** | **$ 0.7383** | **$ 0.7364** | **$ 0.7364** | $ 0.7888 | $ 0.7936 | $ 0.7936 |

### FX Impact on Consolidated Results

The following table has been prepared to assist readers in assessing the FX impact on select operating results for the three months ended December 31, 2022.

| | **Three months ended December** | | | |
|---|---|---|---|---|
| | 2021 | **2022** | **2022** | **2022** |
| | (as reported) | (as reported) | (FX impact) | (current period amounts applying prior period FX rate) |
| **Condensed Consolidated Statement of Operations** | | | | |
| Revenues | $ 107,757 | **$ 38,165** | **$ (587)** | **$ 38,752** |
| Transaction costs | $ 79,007 | **$ 28,374** | **$ (482)** | **$ 28,856** |
| Operating expenses | $ 23,139 | **$ 13,200** | **$ (325)** | **$ 13,525** |
| Net income (loss) | $ 2,636 | **$ (4,619)** | **$ 304** | **$ (4,923)** |
| **Net Revenue[(A)]** | $ 28,750 | **$ 9,791** | **$ (105)** | **$ 9,896** |
| **Adjusted EBITDA[(A)]** | $ 5,917 | **$ (2,941)** | **$ 183** | **$ (3,124)** |
| **Adjusted Net Income (Loss) [(A)]** | $ 3,478 | **$ (2,143)** | **$ 178** | **$ (2,321)** |

Note: [(A)] – Please refer to the "Non-GAAP measures" section of this MD&A

## Critical Accounting Estimates

### General

We use information from our financial statements, prepared in accordance with IFRS and expressed in U.S. dollars, to prepare our MD&A. Our financial statements include estimates and judgments that affect the reported amount of our assets, liabilities, revenues, expenses and, where and as applicable, disclosures of contingent assets and liabilities. On a periodic basis, we evaluate our estimates, including those that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. Areas that are subject to judgment and estimate include revenue recognition, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, the determination of fair value for derivatives and financial instruments, lease terms, estimation of incremental borrowing rates to determine the carrying amount of right-of-use assets and lease liabilities and the likelihood of realizing deferred income tax assets. Our estimates and judgments are based on historical experience, our observation of trends, and information, valuations and other assumptions that we believe are reasonable when making an estimate of an asset or liability's fair value. Due to the inherent complexity, judgment and uncertainty in estimating fair value, actual amounts could differ significantly from these estimates.

Areas requiring the most significant estimate and judgment are outlined below.

**Revenue recognition**
The satisfaction of performance obligations requires us to make judgments when control of the underlying good or service transfers to the customer. Determining when a performance obligation is satisfied affects the timing of revenue recognition. We consider indicators of the transfer of control, including when the customer is obligated to pay and whether the transfer of significant risks and rewards has occurred, which represents the time when the customer has acquired the ability to direct and use the good or service and obtained substantially all of the benefits.

We use judgment in our assessment of whether we are acting as an agent or principal to a transaction. When we are not primarily responsible for fulfilling the obligation to provide a specified good or service and do not have discretion to establish price, we are acting as an agent to the transaction. We are acting as a principal when we control the deliverables prior to delivery to the customer and establish pricing.

**Goodwill**
Goodwill is not amortized and is tested annually for impairment or more frequently if an event or circumstance occurs that more likely than not reduces the fair value of a cash generating unit ("CGU"), or group of CGUs, below its carrying amount. Examples of such events or circumstances include: a significant adverse change in the technological, market, economic or legal environment in which an entity operates; changes in market interest rates or other market rates of return on investments that are likely to affect the discount rate used in calculating an assets value in use; the carrying amount of an entities' net assets is more than its market capitalization; evidence of physical damage to the asset or obsolescence is present; significant changes to an asset's expected use; or, performance expectations for the asset are worse than expected. Goodwill is not tested for impairment when the assets and liabilities that make up the CGU unit have not changed significantly since the most recent fair value determination, the most recent fair value determination results in an amount that exceeded the carrying amount by a substantial margin, and based on an analysis of events that have occurred and circumstances that have changed since the most recent fair value determination, the likelihood that a current fair value determination would be less than the current carrying amount of the CGU is remote. The amount of goodwill assigned to each CGU and methodology employed to make such assignments has been applied on a consistent basis. For the purpose of testing goodwill for impairment, our CGUs align with our operating segments since this is consistent with the level at which goodwill is monitored.

The carrying value of a CGU or group of CGUs is compared to its recoverable amount, where the recoverable amount is the higher of fair value less cost to sell and its value in use. The value in use for a CGU or group of CGUs is determined by discounting cash flow projections from financial forecasts prepared by management. Projections reflect past experience and future expectations of operating performance and we apply perpetuity growth rates to cash flows in the terminal year. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate. The discount rate applied to the cash flow projections are derived from the weighted average cost of capital of comparable publicly traded companies. To determine fair value, for the purpose of estimating fair value less cost to sell, we apply various trading multiples of comparable public companies and merger and acquisition transactions for like or similar businesses to our last twelve months performance, and expected performance in the subsequent year, for our U.S. Appraisal and U.S. Title segments.

We monitor both economic and financial conditions and we re-perform our goodwill test for impairment as conditions dictate.

**Business combinations**
Applying the acquisition method to business combinations requires us to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recorded to goodwill. The purchase price allocation involves judgment to identify the intangible assets acquired and establish fair value estimates for the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any assumption or estimate used to identify the intangible assets acquired, or to determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

We make estimates, assumptions and judgments when valuing goodwill and intangible assets in connection with the initial purchase price allocation of an acquired entity, and our continuing evaluation of the recoverability of goodwill and intangible assets. These estimates are based on several factors, including historical experience, market conditions, information gained on our review of the target entities' operations and information obtained from management of the acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology and the expected use of the acquired assets. These factors are also considered in determining the useful life of intangible assets acquired. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates and our actual results.

**Leases**
Lease terms represent the contractual non-cancellable period for a lease, plus all periods covered by an option to renew or terminate the lease if we are reasonably certain to exercise, or not exercise this option, respectively. We apply judgment in our assessment of all factors that create an economic incentive to exercise extension options, or to not exercise termination options, available in our lease arrangements. We review our initial assessment if a significant event or change in circumstances occurs which affects our initial assessment and is within our control.

To determine the carrying amount of right-of-use assets, lease liabilities and net investment in sublease, we estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. We determine the incremental borrowing rate attributable to each leased asset, or portfolio of leased assets, by assessing our creditworthiness, the security, term and value of the underlying leased asset and the economic environment in which the leased asset operates. The incremental borrowing rate is subject to change mainly due to macroeconomic changes.

**Income taxes**
Deferred income tax is recognized applying the liability method, which recognizes the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their equivalent tax amounts. Deferred income tax is not recognized on the initial recording of assets or liabilities for financial reporting purposes that is not a business combination and that affects neither accounting income nor taxable income or loss. Deferred income tax assets and liabilities are measured applying tax rates expected to be in effect when the temporary differences reverse, applying tax rates that have been enacted or substantively enacted at the reporting date.

Significant changes to enacted tax rates or laws, or estimates of timing differences and their reversal, could result in a material adverse or positive impact to our financial condition and operating performance. In addition, changes in regulation or insufficient taxable income could impact our ability to utilize tax loss carryforwards, which could impact deferred income tax assets and deferred income tax expense or recovery.

The recognition of deferred tax assets attributable to unutilized loss carryforwards is supported by our historical and expected future ability to generate income subject to tax and our ability to implement tax planning measures along with other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets attributable to unutilized loss carryforwards may not be available to us prior to their expiry in Canada. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards in Canada prior to their expiry. Unutilized loss carryforwards in the U.S. arising after December 31, 2017 can be carried forward indefinitely; however, the deduction of unutilized loss carryforwards in a given tax year is limited to 80% of an entity's taxable earnings in that year. Should we not be able to realize our deferred tax assets attributable to loss carryforwards, we would record deferred income tax expense in the period that we determine the likelihood of realizing these losses was less likely than not. Our maximum exposure is equal to the carrying amount of the deferred tax asset attributable to loss carryforwards, $6.1 million at December 31, 2022. Accordingly, due to our historical ability to generate income subject to tax, our expectations to generate income subject to the tax in the future and available tax planning measures, we view the risk of not realizing these deferred tax assets as low.

**Other**
Other estimates include, but are not limited to, the following: identification of CGUs, impairment assessments for non-financial assets, inputs to the Black-Scholes-Merton option pricing model used to value stock-based compensation, estimates of property and equipment's useful life, assessing provisions, estimating the likelihood of collection to determine our allowance for doubtful accounts, the fair value of derivatives and financial instruments, control assessment of subsidiaries, contingencies related to litigation and contingent acquisition payables, claims and assessments and various economic assumptions used in the development of fair value estimates, including, but not limited to, interest and inflation rates and a variety of option pricing model estimates.

## New Accounting Policies Adopted or Requiring Adoption

**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. We expect 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 our 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 clarifies that accounting policy information is material, if its absence inhibits a financial statements 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. We expect to apply the amendments on October 1, 2023, and adopting these amendments is not expected to have a significant impact on our 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. We expect to apply the amendment on October 1, 2023, and adopting this amendment is not expected to have a significant impact on our financial statements.

## Financial Instruments

**Credit risk**
Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Our exposure to credit risk is limited principally to cash and cash equivalents, trade and other receivables and when and as applicable, total return swaps. In all instances, our risk management objective, whether of credit, liquidity, market, equity or otherwise, is to mitigate our risk exposures to a level consistent with our risk tolerance.

*Cash and cash equivalents*
Certain management are responsible for determining which financial institutions we bank and hold deposits with. We typically select financial institutions that we have a relationship with and those deemed by us to be of sufficient size, liquidity and stability. We review our exposure to credit risk from time-to-time or as conditions indicate that our exposure to credit risk has or is subject to change. Our maximum exposure to credit risk is equal to the fair value of cash and cash equivalents recorded on our unaudited condensed consolidated statements of financial position as at December 31, 2022, $45.1 million (September 30, 2022 - $46.1 million). We hold no collateral or other credit enhancements as security over our cash or cash equivalent balances, we deem the credit quality of our cash and cash equivalent balances to be high and no amounts are impaired.

*Trade and other receivables*
In the normal course of business, our trade and other receivables balance is subject to credit risk. Our maximum exposure to credit risk is the fair value of trade and other receivables recorded on our unaudited condensed consolidated statements of financial position as at December 31, 2022, $10.0 million (September 30, 2022 - $19.8 million). We regularly perform credit checks or may accept payment or security in advance to limit our exposure to credit risk. Our client base is sufficiently diverse, consisting of banks and mortgage lending institutions that are generally of sufficient size and capitalization, to mitigate a portion of any credit risk exposure we may be subject to. We have also assigned various employees to carry out collection efforts in a manner consistent with our trade receivable and credit and collections policies. These policies establish procedures to manage, monitor, control, investigate, record and improve trade receivable credit and collection. We also have policies and procedures which establish estimates for doubtful account allowances. These calculations are based on an expected credit loss (“ECL”) model which considers expected losses that result from all possible default events over the expected life of our trade and other receivable balances and include factors such as past events, current conditions and forecasts of future economic conditions. We conduct specific account balance reviews, where practical, and consideration is given to the credit quality of the client, payment history and other factors specific to the client, including bankruptcy or insolvency.

Trade and other receivables determined by management to be at risk of collection are provided for through an allowance account. When trade or other receivables are considered uncollectable, they are written-off against this account. Subsequent recoveries of amounts previously written-off are credited against the allowance account and subsequently recorded to operating expenses in our unaudited condensed consolidated statements of operations and comprehensive income or loss. We have elected to measure loss allowances for trade and other receivables at an amount equal to estimated lifetime ECLs using a provision matrix based on historical credit loss experience adjusted for estimated changes in credit risk and forecasts of future economic conditions.

Trade and other receivables are generally due within 15 to 45 days from the invoice date. Accordingly, all amounts outstanding beyond these periods are past due. Based on historical collections, the majority of receivables collected have not been outstanding for greater than 90 days. We assess the credit quality of trade and other receivables that are neither past due nor impaired as high. Our maximum exposure to credit risk is equivalent to our net carrying amount. Trade and other receivables considered impaired at December 31, 2022 were not considered significant.

*Total return swaps*
Our maximum exposure to credit risk, when and as applicable, is equal to the estimated fair value of total return swaps recorded to other assets on our unaudited condensed consolidated statements of financial position. We hold no collateral or other credit enhancements as security over these agreements. We deem the agreements’ credit quality to be high in light of our assessment of the counterparty to this agreement and no amounts are either past due or impaired.

**Liquidity risk**
Liquidity risk is the risk that we will encounter difficulty in meeting our obligations to settle our financial liabilities. Our exposure to liquidity risk is due primarily to the settlement of trade payables and lease liabilities. Certain management are responsible to ensure that we have sufficient short, medium and long-term liquidity to address these liabilities as they become due. We manage liquidity risk on a continuous basis by monitoring actual and forecasted cash flows and monitoring our available liquidity.

**Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency, interest rate, equity and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Our exposure to currency risk is attributable to the exchange of U.S. monies to the Canadian dollar or vice versa. We may enter into FX agreements to mitigate our exposure to currency risk; however, as of the date of this MD&A, we are not party to any FX agreements. Accordingly, we are exposed to currency risk on U.S. dollars charged to our U.S. operations in the form of management fees, royalties and interest on long-term financings. To mitigate this risk, management uses discretion, and actively reviews its exposure to and requirements for FX agreements.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from our interest bearing financial assets and liabilities. We are subject to interest rate risk on investments we make in cash equivalent, short-term investments.

We are exposed to equity price risk related to certain share-based compensation plans that are accounted for as liabilities. We have entered into total return swap agreements with terms to match the vesting period of the corresponding awards to reduce this exposure.

Our risk management objective is to mitigate risk exposures to a level consistent with our risk tolerance. Derivative financial instruments are evaluated against the exposures they are expected to mitigate and the selection of a derivative financial instrument may not increase our net exposure to risk. Derivative financial instruments may expose us to other types of risk, which may include, but is not limited to, credit risk. The exposure to other types of risk is evaluated against the selected derivative financial instrument and is subject to a cost versus benefit review and analysis. We do not use derivative financial instruments for speculative or trading purposes and the value of the derivative financial instrument cannot exceed the risk exposure of the underlying asset, liability or cash flow it is expected to mitigate.

**Fair value methods and assumptions**
The fair values of financial instruments, and when applicable, contingent consideration, are calculated using available market information and commonly accepted valuation methods, or expectations of achievement in the case of contingent consideration discounted at a market rate of interest. Considerable judgment is required to develop these estimates. Accordingly, fair value estimates are not necessarily indicative of the amounts we, or counter-parties to the instruments, could realize in a current market exchange, or expect to pay, in the case of contingent consideration. The use of different assumptions and or estimation methods could have a material impact on these fair values.

The total return swap is recorded at its estimated fair value based on quotes received from the financial institution that is counterparty to the agreement. We verify the reasonableness of the quotes by comparing them to share price movement adjusted for interest using market interest rates specific to the terms of the underlying contracts. There was one total return swap outstanding at December 31, 2022. Accordingly, the risk of having a material impact on the determination of fair values using different assumptions and or estimation methods is unlikely.

Financial assets and liabilities recorded at fair value, as and where applicable, are recorded to our unaudited condensed consolidated statements of financial position.

## Financial Information Controls and Procedures

**Internal control over financial reporting**
There have been no changes during the three months ended December 31, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Cautionary Note Regarding Forward-Looking Information

This MD&A 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", "predict" and "likely", 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 MD&A includes statements which reflect the current expectations of the Company's management with respect to the Company's business and the industry in which it operates 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 MD&A includes, but is not limited to, statements related to:

- our business prospects, goals and long-term strategy targets;
- our expectations regarding certain of our future results and information, including, among others, Net Revenue(A) and Adjusted EBITDA(A) margins for each of our segments, market share targets for our U.S. Appraisal and U.S. Title segments, corporate expenses (excluding stock-based compensation expense), conversion of Adjusted EBITDA(A) to Free Cash Flow(A) and the total addressable market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions, including the market activity for purchase, refinance and home equity and default transactions;
- the scalability of the platform;
- the regulatory environment in which we operate;
- our competitive position relative to our competitors;
- anticipated industry and market trends, including the seasonality of our business and our expectations regarding appraisal waivers provided by the GSE's;
- the factors influencing the allocation of transaction volumes to us; and
- our intentions with respect to the implementation of new accounting standards.

In addition, our assessment of, and targets for, market share, Net Revenue(A) margins, Adjusted EBITDA(A) margins, corporate expenses (excluding stock-based compensation expense) and conversion of Adjusted EBITDA(A) to Free Cash Flow(A) are considered forward-looking information. See the "Overview'' section of this MD&A for additional information regarding our strategies and market outlook in relation to these assessments.

The forward-looking information in this MD&A 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. Factors which could cause results or events to differ from current expectations include, but are not limited to, the following, each of which are discussed in further detail in the "Risk Factors" section of our Annual Information Form for the year ended September 30, 2022, which is filed on SEDAR at www.sedar.com:

*Strategic Risks*

- changes in economic conditions resulting in fluctuations in demand for our services;
- failing to grow market share in our U.S. Title business to anticipated levels;
- failing to grow market share in our U.S. Appraisal business to anticipated levels;
- risks associated with targeting large mortgage lenders, including longer sales cycles, pricing pressures, implementation complexities and concentration risk;
- significant demands being placed on our management and infrastructure;
- maintaining our competitive position in a competitive business environment;
- damage to our reputation causing a loss of existing clients and/or difficulty attracting new clients;
- inability to successfully identify, consummate or integrate future acquisitions;

*Operational Risks*

- failing to adequately protect our technology Infrastructure;
- issues with the platform;
- failing to retain key employees or hire highly skilled personnel;
- failing to maintain field professional engagement;
- the occurrence of catastrophic events which are beyond our control;

*Legal and Compliance Risks*

- regulatory risks applicable to us;
- risks associated with legal and regulatory proceedings and claims;
- risks associated with the potential reclassification of exempt employees and field professionals;
- failing to adequately protect our intellectual property;
- potential losses arising from field professional work product liability;
- potential infringement of our services on the proprietary rights of others;
- difficulty for shareholders to enforce judgments obtained against us;

*Financial and Reporting Risks*

- the potential for significant fluctuations in the market price of our shares;
- potential inability to raise additional capital in the future when needed, either on acceptable terms or at all;
- failing to maintain effective internal controls, including the inherent limitations in all control systems;
- potential tax law changes or adverse tax examinations;
- inaccurate accounting estimates and judgments;
- potential dilution to existing shareholders as a result of future share issuances;
- ineffectiveness of our financial and operational risk management efforts;
- our dependence on our subsidiaries for cash flows; and
- changing accounting pronouncements and other financial reporting standards.

We caution that the above list of risk factors and uncertainties is not exhaustive and that additional risks and uncertainties may be discussed in documents filed with the applicable Canadian securities regulatory authorities from time to time. Other risks and uncertainties not presently known by us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking information. Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this MD&A. 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.

**Glossary**

Tier 1 means the top five U.S. banks by asset size as at June 30, 2022, as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022).

Tier 2 means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022), excluding Tier 1 mortgage lenders.

Tier 3 means the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022), excluding Tier 1 and Tier 2 mortgage lenders.

Tier 4 means all mortgage lenders in the U.S. not included in Tier 1, Tier 2 or Tier 3.