

Real Matters Inc. – MD&A for the years ended September 30, 2023 and 2022

(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 November 16, 2023 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2023 and 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.sedarplus.ca.

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).

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 service level, quality of work 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.

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.

Our services

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.

We leverage our technology-based platform and apply 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

In April 2016, we entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. Our U.S. Title business leverages our technology-based platform and network management capabilities to deliver a scalable solution that drives better performance for our clients and a superior consumer experience. 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 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, home equity, default, 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.

In addition, we also provide hosted software solutions to our lenders relating to title servicing.

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Insurance inspection services

In Canada, we also supply residential and commercial property insurance inspection services. The purpose of an inspection is to establish the replacement cost of a property in the event of a major catastrophe such as a fire or a flood. The inspection is used as an insurance underwriting tool to properly match the risk with the appropriate insurance premium and to verify the accuracy of the information collected at the time of the policy application.

Our 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., Tier 1 lenders (as defined in the "Glossary" section of this MD&A) 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.

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 75% of fiscal 2023 revenues in our U.S. Appraisal segment (2022 – 88%).

Our U.S. Title segment (as hereinafter defined) currently services one Tier 1 lender and other top 100 lenders. Our strategy is to increase market share in this segment by onboarding more Tier 1, Tier 2 and Tier 3 lenders, many of whom are already clients in the U.S. Appraisal segment.

In Canada, we provide residential mortgage appraisal services to the majority of the big five Canadian banks and residential and commercial property insurance inspection services to some of North America's largest insurance carriers.

Markets we service and their trends

Residential mortgage origination volumes in North America are a key driver of our financial performance. The U.S. mortgage market is one of the largest asset classes in the world and it is highly regulated.

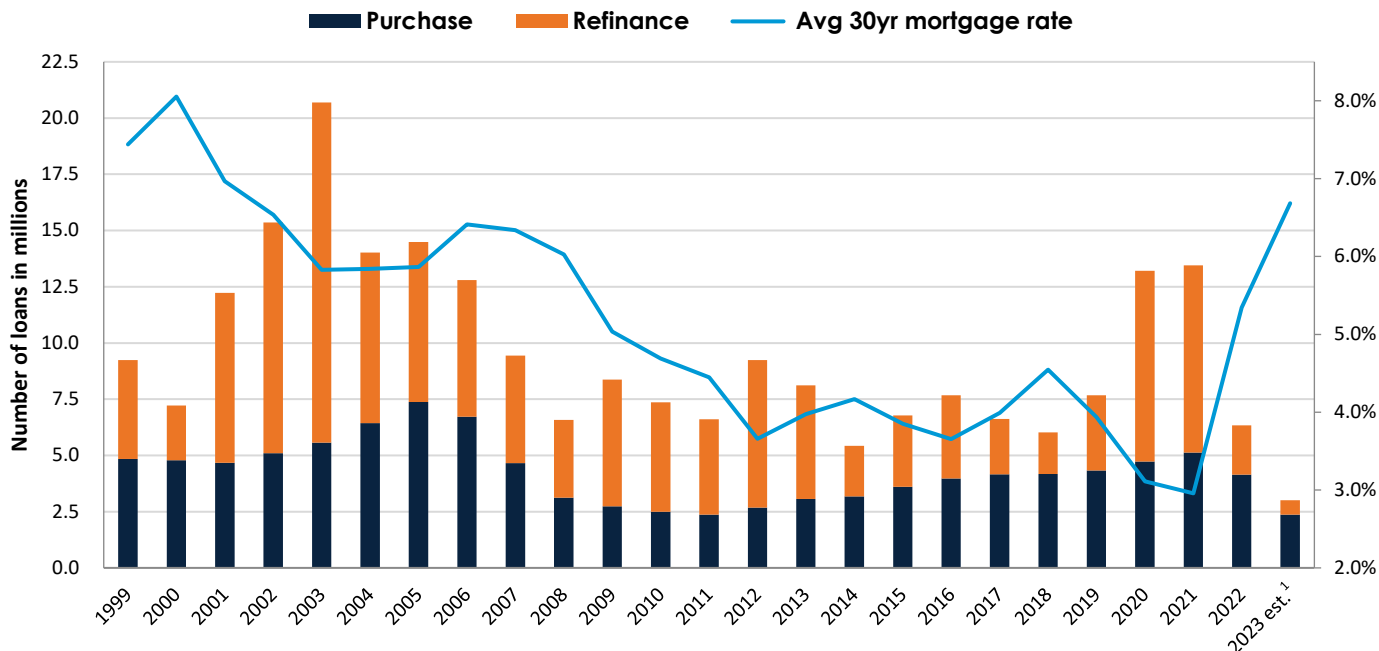
Refinance activity is highly sensitive to changes in interest rates. From the onset of COVID-19 through the first half of fiscal 2022, the mortgage origination market experienced a significant increase in refinance activity due to low interest rates and other contributing factors. Starting in the first half of fiscal 2022 and continuing through fiscal 2023, the U.S. Federal Reserve raised the Federal Funds rate multiple times to mitigate inflationary pressures. Rapidly rising mortgage rates, high inflation, reduced affordability, and broader macroeconomic concerns drove significant declines in mortgage origination volume during this period. For fiscal 2023, we estimated that total mortgage origination volumes decreased nearly 53% from fiscal 2022, which presents a tougher market comparison year-over-year.

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The table below outlines the estimated number of U.S. mortgage origination loans for purchase and refinance transactions on a calendar year basis from 1999 to the present.

U.S. Mortgage Origination Volumes by Calendar Year (excludes default, REO and home equity loans)



Source: Home Mortgage Disclosure Act. data ("HMDA") for calendar 1999 through 2022 and management estimate for calendar 2023

Note

(1) We derive our estimate using a variety of sources, including HMDA data, publicly reported financial results of U.S. mortgage originators, forecasts from the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

Our addressable market

We estimate that there were approximately 3.3 million mortgage origination transactions (purchase and refinance) in the U.S. in fiscal 2023.

The total addressable market ("TAM") for our U.S. Appraisal segment excludes appraisal waivers from GSEs and appraisals provided by Veterans Affairs, the majority of which impacts refinance origination volumes. We estimate that in fiscal 2023 there were approximately 2.7 million addressable mortgage origination transactions (purchase and refinance) requiring appraisals in the U.S. U.S. Appraisal market share for origination transactions is generally allocated by lenders on a centralized, combined volume basis.

The TAM for our U.S. Title segment is not impacted by waivers or Veterans Affairs volumes. We estimate that there were 0.6 million refinance transactions in fiscal 2023. Our U.S. Title segment currently targets refinance transactions as this volume is generally centralized by the mortgage lenders (i.e. the allocation of volume is driven by the lender). While we have the capability, and we do occasionally provide title services for purchase transactions, most volume for U.S. Title purchase transactions is not allocated by the lender.

In addition to mortgage origination transactions, we also service home equity, default and REO transactions. However, due to the lack of market data available, we are unable to estimate the market size for these transactions.

Due to the lack of market data available, we are unable to estimate the market size for the Canadian segment.

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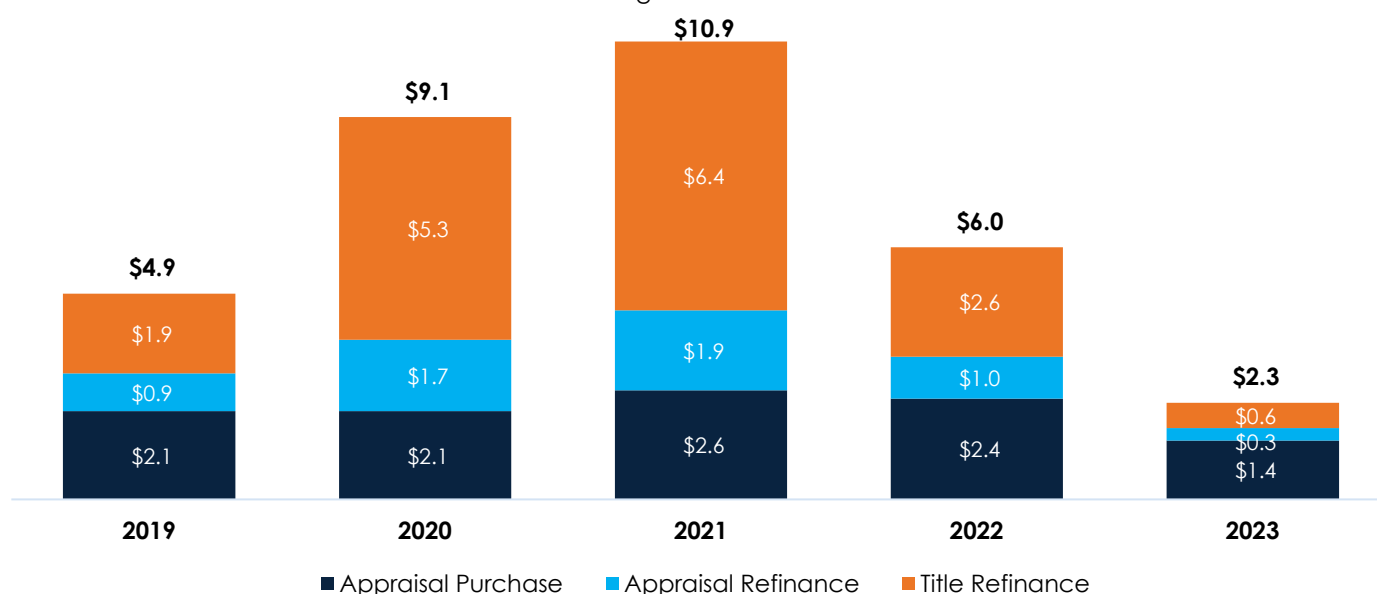
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The graph below outlines the estimated size of the TAM for purchase and refinance mortgage origination in the U.S. for fiscal 2019 through fiscal 2023 and our estimate of the TAM spend for these services.

Estimated Total Addressable Market spend by fiscal year

(expressed in billions of dollars)

Management estimate



Seasonality and other trends

Residential mortgage origination volumes in North America 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 by our clients' relative share of the addressable market. Gains or losses in our clients' share of the addressable market influence our overall market share. 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.

Long-term focus

We take a long-term view to manage and measure the success of our business strategies since we cannot control the addressable mortgage origination market or the factors that influence it. Accordingly, our principal focus is on growing market share in the residential mortgage origination market over the long-term. 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, changes in our clients' share of the market and regulatory changes; each of which is not within our control. As we scale transaction volumes, we expect to expand Net Revenue^(A) and Adjusted EBITDA^(A) margins.

Fiscal 2025 targets

At the end of fiscal 2020, we set targets through the end of fiscal 2025 for market share, Net Revenue^(A) margins, Adjusted EBITDA^(A) margins, corporate expenses and for conversion of Adjusted EBITDA^(A) to Free Cash Flow^(A) between fiscal 2021 through the end of 2025. Given that we are unable to control the cyclical and seasonal trends that impact the residential mortgage market or our clients' share of the overall market, we did not set revenue targets.

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.

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Key assumptions:

Our fiscal 2025 targets are contingent on, amongst other things:

- no change in our clients' respective share of the market from 2020 levels;
- a TAM for U.S. Appraisal of \$4.0 billion and a TAM for U.S. Title of \$2.0 billion;
- Veteran Affairs volumes for purchase and refinance activity remain largely unchanged from fiscal 2020 levels through fiscal 2025 (approximately 9% for purchase market volumes and approximately 15% for refinance market volumes);
- waivers for purchase and refinance activity return to levels seen in fiscal 2019 by fiscal 2025 (approximately 2% for purchase market volumes and approximately 10% for refinance market volumes);
- continued expansion of market share in our U.S. Appraisal segment, including, by fiscal 2025, a market share of between 30% to 55% with each of our Tier 1 clients; and
- the successful launch of several Tier 1 clients by our U.S. Title segment through fiscal 2025.

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, including the size of the U.S. mortgage market in fiscal 2025.

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% ⁽¹⁾	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.

The 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 and 2023, 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.

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 in a normalized market that is expected 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 and years ended September 30, 2023 and 2022.

Review of Operations - For the three months and year ended September 30, 2023

This section provides detailed information and analysis about the Company's performance for the three months and year ended September 30, 2023.

Please also refer to the tables 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 and year ended September 30, 2023.

Consolidated

	Three months ended September 30				Year ended September 30				
	2023	2022	Change	% Change	2023	2022	Change	% Change	
Revenues	\$ 42,189	\$ 58,200	\$ (16,011)	-28%	\$ 163,914	\$ 339,642	\$ (175,728)	-52%	
Transaction costs	\$ 31,023	\$ 43,833	\$ (12,810)	-29%	\$ 120,899	\$ 254,203	\$ (133,304)	-52%	
Operating expenses	\$ 10,860	\$ 15,784	\$ (4,924)	-31%	\$ 46,751	\$ 79,595	\$ (32,844)	-41%	
Amortization	\$ 873	\$ 1,088	\$ (215)	-20%	\$ 3,877	\$ 4,530	\$ (653)	-14%	
Net income (loss)	\$ 1,622	\$ (9,968)	\$ 11,590	116%	\$ (6,196)	\$ (9,265)	\$ 3,069	33%	
<i>Non-GAAP measures</i>									
Net Revenue ^(A)	\$ 11,166	\$ 14,367	\$ (3,201)	-22%	\$ 43,015	\$ 85,439	\$ (42,424)	-50%	
Net Revenue ^(A) margin	26.5%	24.7%	1.8%	7%	26.2%	25.2%	1.0%	4%	
Adjusted EBITDA ^(A)	\$ 594	\$ (1,112)	\$ 1,706	153%	\$ (2,359)	\$ 7,379	\$ (9,738)	-132%	
Adjusted EBITDA ^(A) margin	5.3%	-7.7%	13.0%	169%	-5.5%	8.6%	-14.1%	-164%	

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Consolidated operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Revenues and Transactions Costs	↓ The decrease in revenues and transaction costs were primarily due to lower addressable mortgage origination volumes across all three segments which was partially offset by higher home equity volumes serviced in our U.S. Appraisal segment.	↓ The decrease in revenues and transaction costs were primarily due to lower addressable mortgage origination volumes across all three segments which was partially offset by higher home equity volumes serviced in our U.S. Appraisal segment.
Operating expenses	↓ Operating expenses decreased by 31% primarily due to: <ul style="list-style-type: none"> • A decrease of \$4.1 million in salaries and benefits associated with a significant reduction of headcount. • A \$0.6 million decrease in office and computer expenses from lower Information Technology ("IT") expenses, U.S. Title segment variable bank and courier expenses and lower FX. 	↓ Operating expenses decreased by 41% primarily due to: <ul style="list-style-type: none"> • A decrease of \$27.7 million in salaries and benefits associated with a significant reduction of headcount. • A \$3.5 million decrease in office and computer expenses from lower IT expenses, U.S Title segment variable bank and courier expenses and lower FX. • A decrease of \$0.7 million in professional fees due to a reduction in consulting services.
Amortization	↓ Amortization expense was 20% lower mainly due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.	↓ Amortization expense was 14% lower due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.
Net income (loss)	↑ In addition to the Adjusted EBITDA ^(A) discussion below, the increase in net income was mainly due to: <ul style="list-style-type: none"> • no recognition of impairment charge in Q4 2023 (Q4 2022 - \$17.3 million); • higher interest income; • higher income tax recovery. 	↑ In addition to the Adjusted EBITDA ^(A) discussion below, net loss was lower mainly due to: <ul style="list-style-type: none"> • no recognition of impairment charge in 2023 (2022 - \$17.3 million); • gain on fair value of a total return swap entered into in fiscal 2023; • higher interest income; • partially offset by higher FX loss as the result of changes in the FX rate between the Canadian and U.S. dollar.
Net Revenue^(A)	↓ We experienced a Net Revenue ^(A) reduction of 22% primarily due to lower addressable mortgage origination volumes across all three segments which was partially offset by higher home equity volumes serviced in our U.S. Appraisal segment and improved Net Revenue ^(A) margins.	↓ We experienced a Net Revenue ^(A) reduction of 50% primarily due to lower addressable mortgage origination volumes across all three segments which was partially offset by higher home equity volumes serviced in our U.S. Appraisal segment and improved Net Revenue ^(A) margins.
Net Revenue^(A) margin	↑ Consolidated Net Revenue ^(A) margins increased by 180 basis points 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.	↑ Consolidated Net Revenue ^(A) margins increased by 100 basis points 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) and Adjusted EBITDA^(A) margins	↑ We recorded higher Adjusted EBITDA ^(A) and Adjusted EBITDA ^(A) margins due to the decrease in operating expenses and Net Revenue ^(A) margins improvement explained above which was partially offset by the reduction in revenues.	↓ We recognized lower Adjusted EBITDA ^(A) and Adjusted EBITDA ^(A) margins due to the decrease in revenues explained above which was partially offset by the reduction in operating expenses and Net Revenue ^(A) margins improvement in fiscal 2023.

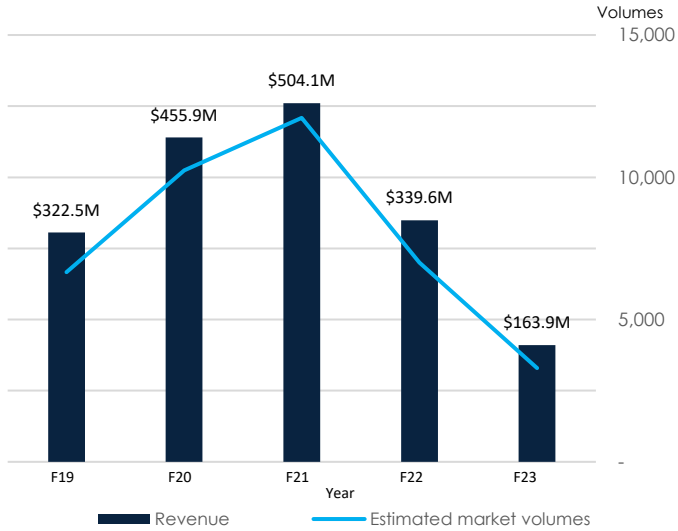
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The tables that follow compare our consolidated Revenues, Adjusted EBITDA^(A) and Net Income or Loss to estimated mortgage market origination volumes.

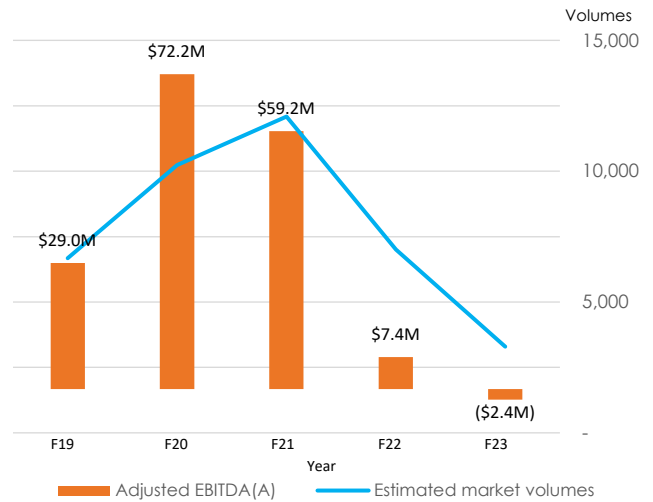
Consolidated Revenues relative to mortgage market origination volumes*

* Management estimate, volumes expressed in thousands of units



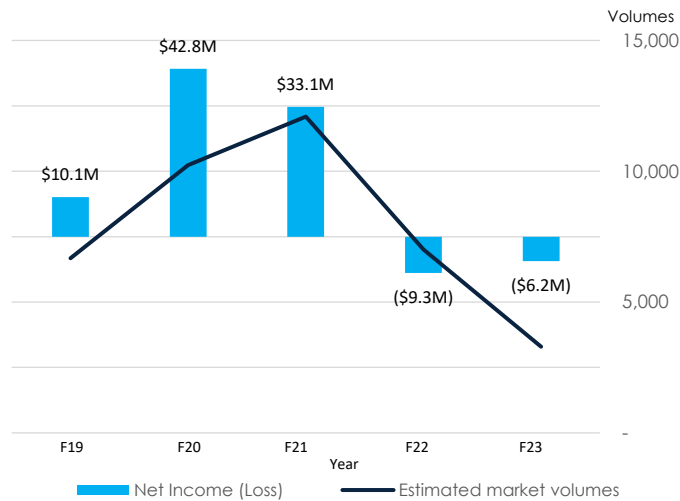
Consolidated Adjusted EBITDA^(A) relative to mortgage market origination volumes*

* Management estimate, volumes expressed in thousands of units



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

* Management estimate, volumes expressed in thousands of units



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Business Segment Analysis - Review of Operations - For the three months and year ended September 30, 2023

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.

U.S. Appraisal

	Three months ended September 30				Year ended September 30			
	2023	2022	Change	% Change	2023	2022	Change	% Change
Revenues								
Purchase originations	\$ 14,433	\$ 21,496	\$ (7,063)	-33%	\$ 57,947	\$ 98,203	\$ (40,256)	-41%
Refinance originations	7,657	14,483	(6,826)	-47%	32,629	122,835	(90,206)	-73%
Home equity	8,316	7,201	1,115	16%	27,226	26,702	524	2%
Other	754	728	26	4%	3,044	3,176	(132)	-4%
	\$ 31,160	\$ 43,908	\$ (12,748)	-29%	\$ 120,846	\$ 250,916	\$ (130,070)	-52%
Transaction costs								
Transaction costs	\$ 22,601	\$ 32,763	\$ (10,162)	-31%	\$ 87,729	\$ 195,406	\$ (107,677)	-55%
Operating expenses	\$ 4,624	\$ 6,575	\$ (1,951)	-30%	\$ 18,939	\$ 28,513	\$ (9,574)	-34%
Amortization	\$ 112	\$ 184	\$ (72)	-39%	\$ 550	\$ 928	\$ (378)	-41%
Non-GAAP measures								
Net Revenue ^(A)	\$ 8,559	\$ 11,145	\$ (2,586)	-23%	\$ 33,117	\$ 55,510	\$ (22,393)	-40%
Net Revenue ^(A) margin	27.5%	25.4%	2.1%	8%	27.4%	22.1%	5.3%	24%
Adjusted EBITDA ^(A)	\$ 3,935	\$ 4,570	\$ (635)	-14%	\$ 14,178	\$ 26,997	\$ (12,819)	-48%
Adjusted EBITDA ^(A) margin	46.0%	41.0%	5.0%	12%	42.8%	48.6%	-5.8%	-12%

Market share	Purchase mortgage origination		Refinance mortgage origination	
	Year ended September 30	Year ended September 30	Year ended September 30	Year ended September 30
(expressed in whole units)	2023	2022	2023	2022
Estimated market volumes	2,683,886	4,268,656	611,624	2,738,730
Non-addressable market volumes	(456,529)	(685,764)	(114,982)	(1,207,649)
Estimated addressable market volumes	2,227,357	3,582,892	496,642	1,531,081
Real Matters volumes	90,263	146,092	51,427	185,666
Real Matters estimated market share	4.1%	4.1%	10.4%	12.1%

Home equity, default and REO transactions are not included in our market share calculation above as we are unable to accurately estimate the market size for these transactions because public market data is not readily available. In fiscal 2023, these types of transactions represented 25% of our U.S. Appraisal revenues (2022 - 12%).

Our market share is impacted by the size of the addressable residential mortgage origination market but also by our clients' relative share of the addressable market.

Our respective market shares will shift in line with the mix of business of our client base – some of whom have historically been more weighted toward refinance which experienced a steeper decline in fiscal 2023. Notwithstanding that Tier 1 lenders continue to represent a significant opportunity for market share growth for Real Matters, we believe that they were disproportionately impacted by the decline in the U.S. mortgage origination market in fiscal 2023.

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U.S. Appraisal operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Revenues	<p>↓ Revenues from purchase and refinance mortgage originations declined principally due to lower addressable mortgage origination volume.</p> <p>Home equity revenues increased by 16% and accounted for 27% of the segment's revenues (Q4 2022 – 16%) mainly due to new clients and market share gains.</p>	<p>↓ Revenues from purchase and refinance mortgage originations declined principally due to lower addressable mortgage origination volumes. Year-over-year, we estimate that addressable mortgage origination volumes for purchase and refinance activity declined 38% and 67%, respectively, which compares to a 41% decline in our purchase originations revenues and 73% decline in our refinance originations revenues.</p> <p>Home equity revenues increased by 2% and accounted for 23% of the segment's revenues (2022 – 11%) mainly due to new clients and market share gains.</p>
Transaction costs	<p>↓ Transaction costs declined due in large part to lower addressable mortgage origination volumes, as outlined in the revenue discussion above. Leveraging our field professional network in a lower market environment and servicing more standard properties also contributed to the decline in transaction costs.</p>	<p>↓ Transaction costs declined due in large part to lower addressable mortgage origination volumes, as outlined in the revenue discussion above. Leveraging our field professional network in a lower market environment and servicing more standard properties also contributed to the decline in transaction costs.</p>
Operating expenses	<p>↓ Operating expenses decreased by 30% primarily on lower salaries and benefits costs of \$1.6 million and lower IT expenses of \$0.1 million.</p>	<p>↓ Operating expenses decreased by 34% on an \$8.4 million decline in salaries and benefits costs. Lower marketing, bank charges, IT expenses and professional fees accounted for the balance of the decline.</p>
Amortization	<p>↓ Amortization expense decreased due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.</p>	<p>↓ Amortization expense decreased due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.</p>
Net Revenue^(A)	<p>↓ Net Revenue^(A) declined by 23% mainly due to lower addressable mortgage origination volumes partially offset by higher home equity volumes and improved Net Revenue^(A) margins.</p>	<p>↓ Net Revenue^(A) declined by 40% mainly due to lower addressable mortgage origination volumes partially offset by higher home equity volumes and improved Net Revenue^(A) margins.</p>
Net Revenue^(A) margin	<p>↑ Net Revenue^(A) margins expanded by 210 basis points in our U.S. Appraisal segment as we leveraged our field professional network in a lower market environment, which was partially offset by an increase in lower margin home equity volumes.</p>	<p>↑ Net Revenue^(A) margins increased by 530 basis points 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.</p>
Adjusted EBITDA^(A)	<p>↓ Adjusted EBITDA^(A) contracted on lower Net Revenue^(A), owing, in large part, to lower addressable mortgage origination market volumes partially offset by higher home equity volumes, a reduction in operating expenses and Net Revenue^(A) margins expansion as described above.</p>	<p>↓ Adjusted EBITDA^(A) contracted on lower Net Revenue^(A), owing, in large part, to lower addressable mortgage origination market volumes partially offset by a reduction in operating expenses, higher home equity volumes and Net Revenue^(A) margins expansion as described above.</p>

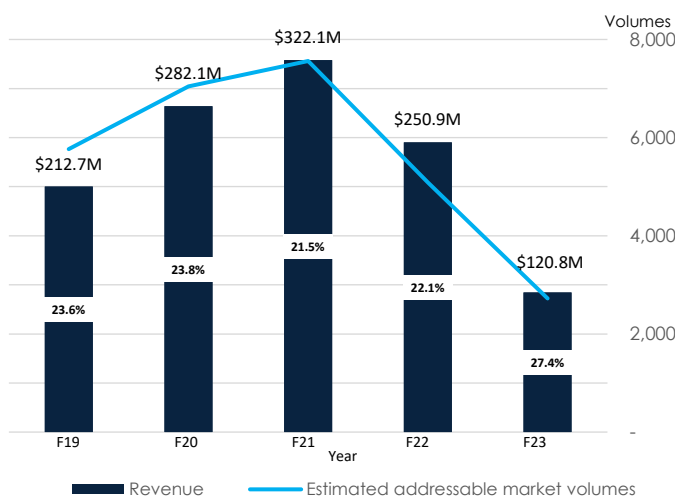
Real Matters Inc. – MD&A for the years ended September 30, 2023 and 2022

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

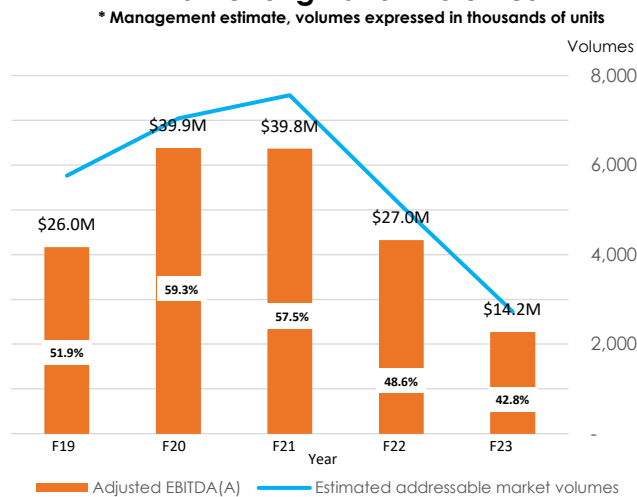
U.S. Appraisal operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Adjusted EBITDA^(A) margins	↑ Adjusted EBITDA ^(A) margins increased due to higher home equity volumes, lower operating expenses, and improved Net Revenue ^(A) margins partially offset by a reduction in revenues associated with lower addressable mortgage origination market volumes.	↓ Adjusted EBITDA ^(A) margins contracted on lower Net Revenue ^(A) , owing, in large part, to lower addressable mortgage origination market volumes partially offset by a reduction in operating expenses, higher home equity volumes and Net Revenue ^(A) margins expansion as described above.

The tables that follow compare our U.S. Appraisal segment: (i) Revenues and Net Revenue^(A) margins; and (ii) Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins, against addressable mortgage market origination volumes.

U.S. Appraisal Segment Revenues & Net Revenue^(A) margin vs addressable mortgage market origination volumes*
 * Management estimate, volumes expressed in thousands of units



U.S. Appraisal Segment Adjusted EBITDA^(A) & Adjusted EBITDA^(A) margin vs addressable mortgage market origination volumes*
 * Management estimate, volumes expressed in thousands of units



Our U.S. Appraisal segment is our more mature business in the U.S. Increased transaction 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. Despite the year-over-year increase in transaction volumes in fiscal 2021, our Net Revenue^(A) and Adjusted EBITDA^(A) margins contracted because we serviced a higher proportion of high-value and complex properties, due in part to an increase in GSE waivers. The use of GSE waivers has declined substantially since fiscal 2021, reverting to historical standards. We expanded Net Revenue^(A) margins in the second half of fiscal 2022 and into fiscal 2023, despite a substantial decline in transaction volumes, 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.

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

U.S. Title

	Three months ended September 30				Year ended September 30			
	2023	2022	Change	% Change	2023	2022	Change	% Change
Revenues								
Centralized title services	\$ 1,351	\$ 2,333	\$ (982)	-42%	\$ 5,160	\$ 30,036	\$ (24,876)	-83%
Diversified title services	206	303	(97)	-32%	891	1,523	(632)	-42%
Home equity title services	776	1,330	(554)	-42%	3,475	4,983	(1,508)	-30%
	\$ 2,333	\$ 3,966	\$ (1,633)	-41%	\$ 9,526	\$ 36,542	\$ (27,016)	-74%
Transaction costs								
Transaction costs	\$ 1,282	\$ 2,217	\$ (935)	-42%	\$ 5,659	\$ 13,493	\$ (7,834)	-58%
Operating expenses	\$ 2,632	\$ 4,679	\$ (2,047)	-44%	\$ 12,205	\$ 31,133	\$ (18,928)	-61%
Amortization	\$ 672	\$ 800	\$ (128)	-16%	\$ 2,979	\$ 3,141	\$ (162)	-5%
Non-GAAP measures								
Net Revenue ^(A)	\$ 1,051	\$ 1,749	\$ (698)	-40%	\$ 3,867	\$ 23,049	\$ (19,182)	-83%
Net Revenue ^(A) margin	45.0%	44.1%	0.9%	2%	40.6%	63.1%	-22.5%	-36%
Adjusted EBITDA ^(A)	\$ (1,581)	\$ (2,930)	\$ 1,349	46%	\$ (8,338)	\$ (8,084)	\$ (254)	-3%
Adjusted EBITDA ^(A) margin	-150.4%	-167.5%	17.1%	10%	-215.6%	-35.1%	-180.5%	-514%

Market share - refinance mortgage origination

<i>(expressed in whole units)</i>	Year ended September 30	
	2023	2022
Estimated market volumes	611,624	2,738,730
Real Matters volumes	3,312	31,537
Real Matters estimated market share	0.5%	1.2%

Home equity, default and REO transactions are not included in our market share calculation above as we are unable to estimate the market size for these transactions because public market data is not readily available. In fiscal 2023, these types of transactions represented 36% of our U.S. Title revenues (2022 - 14%).

The decline in market share during the fiscal year was due to changes in our client portfolio, which is in line with our strategy to focus on long-term franchise clients.

U.S. Title operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Revenues	↓ The revenue decline was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes serviced.	↓ The revenue decline was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio and lower revenues from home equity volumes serviced. We estimate the refinance mortgage origination market declined 78% year-over-year, which compares to a decrease of 83% in our centralized title revenues.
Transaction costs	↓ Transaction costs declined due in large part to lower addressable refinance mortgage origination volumes serviced as outlined in the revenue discussion above, partially offset by a lower proportion of incoming order volumes that closed.	↓ Transaction costs declined due in large part to lower addressable refinance mortgage origination volumes serviced as outlined in the revenue discussion above, partially offset by a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed.

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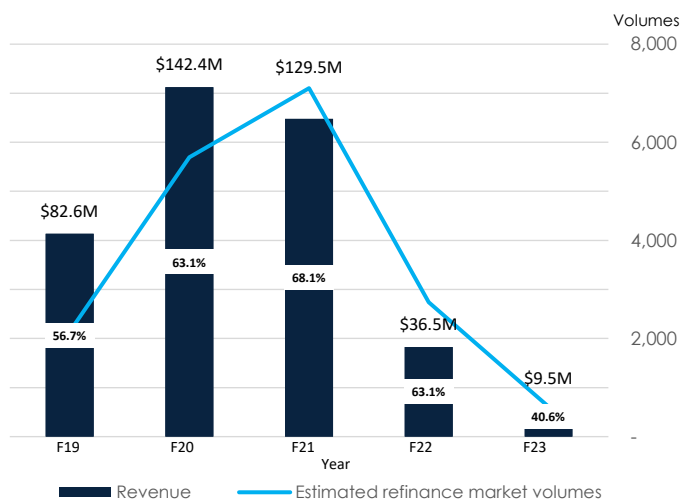
(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

U.S. Title operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Operating expenses	↓ Operating expenses declined by 44% due to lower salaries and benefits costs of \$1.9 million and a reduction in courier, office and bank charges of \$0.1 million as a result of lower volumes serviced.	↓ Operating expenses declined by 61% mainly due to lower salaries and benefits costs of \$16.4 million and a reduction in courier, office and bank charges of \$2.3 million as a result of lower volumes serviced.
Amortization	↓ Amortization expense decreased due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.	↓ Amortization expense decreased due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.
Net Revenue^(A)	↓ Net Revenue ^(A) declined by 40% due to lower volumes serviced, as outlined in the revenue discussion above.	↓ Net Revenue ^(A) declined by 83% due to lower volumes serviced, as outlined in the revenue discussion above.
Net Revenue^(A) margin	↑ U.S. Title segment Net Revenue ^(A) margins increased by 90 basis points mostly due to a higher proportion of incoming order volumes that closed, which was partially offset by lower volumes serviced.	↓ U.S. Title segment Net Revenue ^(A) margins declined substantially due to a higher proportion of lower margin home equity volumes serviced, a lower proportion of incoming order volumes that closed and lower volumes serviced, as outlined in the revenue discussion above.
Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins	↑ Adjusted EBITDA ^(A) and Adjusted EBITDA ^(A) margins improved due to a significant reduction in operating expenses and Net Revenue ^(A) margins improvement, as outlined above, partially offset by lower transaction volumes.	↓ Adjusted EBITDA ^(A) and Adjusted EBITDA ^(A) margins declined 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, which was partially offset by a significant reduction in operating expenses.

The tables that follow compare our U.S. Title segment: (i) Revenues and Net Revenue^(A) margins; and (ii) Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins, against addressable mortgage market origination volumes.

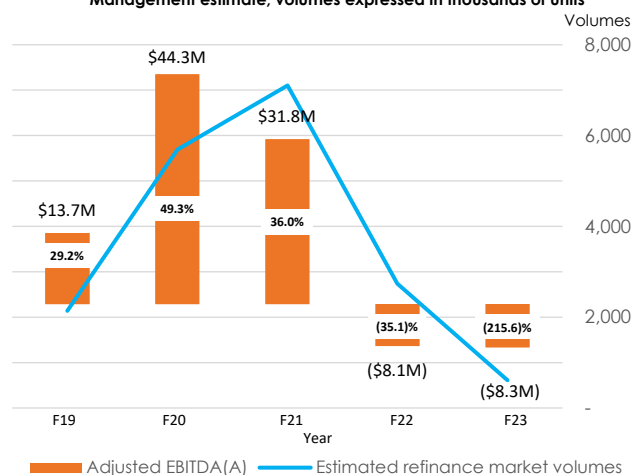
U.S. Title Segment Revenues & Net Revenue^(A) margins vs mortgage market origination refinance volumes*

* Management estimate, volumes expressed in thousands of units



U.S. Title Segment Adjusted EBITDA^(A) & Adjusted EBITDA^(A) margins vs mortgage market origination refinance volumes*

* Management estimate, volumes expressed in thousands of units



Currently, our U.S. Title segment predominately services refinance mortgage origination volumes which are highly sensitive to interest rates. Increased transaction volumes on our platform from higher market volumes and market share gains resulted in annual Net Revenue^(A) and Adjusted EBITDA^(A) margin expansion through fiscal 2020. After experiencing a surge

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due to low interest rates, refinance market volumes began to decline in the second half of fiscal 2021 in line with increases in U.S. mortgage interest rates. Our Net Revenue^(A) and Adjusted EBITDA^(A) margins contracted in fiscal 2022 and 2023 in line with the substantial decline in transaction volumes on our platform, and we focused on operational efficiencies and significantly reduced our U.S. Title operating expenses.

Canada

	Three months ended September 30				Year ended September 30			
	2023	2022	Change	%	2023	2022	Change	%
Revenues	\$ 8,696	\$ 10,326	\$ (1,630)	-16%	\$ 33,542	\$ 52,184	\$ (18,642)	-36%
Transaction costs	\$ 7,140	\$ 8,853	\$ (1,713)	-19%	\$ 27,511	\$ 45,304	\$ (17,793)	-39%
Operating expenses	\$ 422	\$ 515	\$ (93)	-18%	\$ 1,782	\$ 2,397	\$ (615)	-26%
Amortization	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
<i>Non-GAAP measures</i>								
Net Revenue ^(A)	\$ 1,556	\$ 1,473	\$ 83	6%	\$ 6,031	\$ 6,880	\$ (849)	-12%
Net Revenue ^(A) margin	17.9%	14.3%	3.6%	25%	18.0%	13.2%	4.8%	36%
Adjusted EBITDA ^(A)	\$ 1,134	\$ 958	\$ 176	18%	\$ 4,249	\$ 4,483	\$ (234)	-5%
Adjusted EBITDA ^(A) margin	72.9%	65.0%	7.9%	12%	70.5%	65.2%	5.3%	8%

Canada operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Revenues	↓ Revenues declined due to lower market volumes for appraisal services and FX, partially offset by net market share gains for appraisal services with new and existing clients and modestly higher insurance inspection revenues.	↓ 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 with new and existing clients.
Transaction costs	↓ Transaction costs declined due in large part to lower market volumes for appraisal services, as outlined in the revenue discussion above, as well as FX. Leveraging our field professional network in a lower market environment also contributed to the decline in transaction costs.	↓ Transaction costs declined due in large part to lower market volumes for appraisal services, as outlined in the revenue discussion above, as well as FX. Leveraging our field professional network in a lower market environment also contributed to the decline in transaction costs.
Operating expenses	↓ Canadian segment operating expenses declined by 18% mainly due to lower salaries and benefits costs.	↓ Canadian segment operating expenses declined by 26% mainly due to lower salaries and benefits costs.
Net Revenue^(A)	↑ Net Revenue ^(A) in our Canadian segment increased by 6% due to net market share gains and improved Net Revenue ^(A) margins, partially offset by lower market volumes for appraisal services.	↓ Net Revenue ^(A) in our Canadian segment declined by 12% due to lower market volumes for appraisal services and FX, partially offset by net market share gains for appraisal services and improved Net Revenue ^(A) margins.
Net Revenue^(A) margin	↑ Net Revenue ^(A) margins in our Canadian segment increased by 360 basis points as we leveraged our field professional network in a lower market environment, partially offset by lower Net Revenue ^(A) margins from insurance inspection services supplied.	↑ Net Revenue ^(A) margins in our Canadian segment increased by 480 basis points as we leveraged our field professional network in a lower market environment and realized higher Net Revenue ^(A) margins from insurance inspection services supplied.
Adjusted EBITDA^(A)	↑ Adjusted EBITDA ^(A) improved due to a significant reduction in operating expenses and an improvement in Net Revenue ^(A) margins, as outlined above, partially offset by lower transaction volumes.	↓ Adjusted EBITDA ^(A) was lower due to lower market volumes for appraisal services, partially offset by a significant reduction in operating expenses and an improvement in Net Revenue ^(A) margins.

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

Canada operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Adjusted EBITDA^(A) margins	↑ Adjusted EBITDA ^(A) margins improved to 72.9% due to a reduction in operating expenses and an improvement in Net Revenue ^(A) margins, as outlined above, partially offset by lower transaction volumes.	↑ Adjusted EBITDA ^(A) margins improved to 70.5% due to a significant reduction in operating expenses and an improvement in Net Revenue ^(A) margins, as outlined above, partially offset by lower transaction volumes.

Corporate and other items

	Three months ended September 30				Year ended September 30			
	2023	2022	Change	% Change	2023	2022	Change	% Change
Operating expenses	\$ 3,182	\$ 4,015	\$ (833)	-21%	\$ 13,825	\$ 17,552	\$ (3,727)	-21%
Amortization	\$ 89	\$ 104	\$ (15)	-14%	\$ 348	\$ 461	\$ (113)	-25%
Loss on disposal of property and equipment	\$ 24	\$ 367	\$ (343)	-94%	\$ -	\$ 603	\$ (603)	-100%
Other non-operating costs	\$ -	\$ -	\$ -	0%	\$ -	\$ 66	\$ (66)	-100%
Restructuring expenses	\$ 14	\$ 969	\$ (955)	-99%	\$ 1,703	\$ 1,542	\$ 161	10%
Impairment of goodwill	\$ -	\$ 17,296	\$ (17,296)	-100%	\$ -	\$ 17,296	\$ (17,296)	-100%
Interest expense	\$ 75	\$ 56	\$ 19	34%	\$ 283	\$ 264	\$ 19	7%
Interest income	\$ (339)	\$ (71)	\$ (268)	378%	\$ (825)	\$ (134)	\$ (691)	516%
Net foreign exchange (gain) loss	\$ (1,797)	\$ (5,040)	\$ 3,243	-64%	\$ 1,186	\$ (5,725)	\$ 6,911	-121%
Gain on fair value of derivatives	\$ (60)	\$ -	\$ (60)	0%	\$ (815)	\$ -	\$ (815)	0%
Gain on fair value of warrants	\$ -	\$ -	\$ -	0%	\$ -	\$ (249)	\$ 249	-100%
Income tax recovery	\$ (106)	\$ (6,114)	\$ 6,008	-98%	\$ (2,949)	\$ (3,084)	\$ 135	-4%

Corporate operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Operating expenses	↓ Corporate operating expenses declined \$0.8 million due to lower salaries and benefits costs of \$0.5 million, reflecting lower Corporate segment headcount and stock-based compensation expenses and lower FX.	↓ Corporate operating expenses declined \$3.7 million primarily due to lower salaries and benefits costs of \$2.5 million, reflecting lower Corporate segment headcount and stock-based compensation expense, and lower data center costs, computer expenses and FX. In fiscal 2023, salary and benefit costs include \$0.3 million of severance expense compared to \$nil in fiscal 2022.
Amortization	↓ Amortization expense declined modestly.	↓ Amortization expense decreased due to a reduction of right-of-use assets related to our leased office space combined with fully amortized computer equipment and leasehold improvements.
Loss on disposal of property and equipment	↓ The loss on disposal of property and equipment incurred in Q4 2023 reflects the disposal of a right-of-use asset. In Q4 2022, the disposal of leasehold improvements attributable to a subleased office space contributed to the loss.	↓ Gains and losses on disposal of property and equipment incurred in fiscal 2023 due to the disposal of right-of-use assets and furniture and fixtures fully offset each other. The loss incurred in fiscal 2022 was due to an adjustment to a leased property related to the remeasurement of a lease liability.
Other non-operating costs	- N/A.	↓ Other non-operating costs incurred in fiscal 2022 represented professional fees for advisory services.

Real Matters Inc. – MD&A for the years ended September 30, 2023 and 2022

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

Corporate operating results		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Restructuring expenses	↓ Restructuring expenses incurred represent severance costs attributable to changes in our organizational structure which were substantially lower in Q4 2023 than the comparative quarter in fiscal 2022.	↑ Restructuring expenses incurred in fiscal 2023 represent severance costs attributable to changes in our organizational structure and due to the timing of the restructuring; those expenses were 10% higher in fiscal 2023.
Impairment of goodwill	↓ In the fourth quarter of fiscal 2022 we recognized an impairment charge for goodwill attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity.	↓ In the fourth quarter of fiscal 2022 we recognized an impairment charge for goodwill attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity.
Interest expense and Interest Income	↑ The increase in interest expense and income is mostly related to the current higher interest rates environment and the interest incurred on our total return swap.	↑ The increase in interest expense and income is mostly related to the current higher interest rates environment and the interest incurred on our total return swap.
Net foreign exchange (gain) 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 gains were the result of changes in the FX rate between the Canadian and U.S. dollar.	↓ 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 fiscal year losses and comparative fiscal year gains were the result of changes in the FX rate between the Canadian and U.S. dollar.
Gain on fair value of derivatives	↑ In Q1 2023, the Company entered into a total return swap to manage our cash flow exposure arising from changes in our share price attributable to cash-settled RSUs. The fair value of the swap fluctuates on an inverse relationship to our share price.	↑ In Q1 2023, the Company entered into a total return swap to manage our cash flow exposure arising from changes in our share price attributable to cash-settled RSUs. The fair value of the swap fluctuates on an inverse relationship to our share price.
Gain on fair value of warrants	- N/A.	↓ All outstanding warrants were fully exercised in the second quarter of fiscal 2022, resulting in no gain or loss being recognized in fiscal 2023. Our share price declined in the period prior to the exercise of all remaining outstanding warrants in fiscal 2022, 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	↓ We recorded income before income tax recoveries of \$1.5 million for Q4 2023. Income tax calculated at the statutory income tax rate, including foreign income subject to tax at a different statutory tax rate, resulted in an income tax expense of \$0.4 million. Income tax recoveries related to non-deductible expenses, including RSUs, and non-taxable income totaled \$0.5 million.	↓ We recorded a loss before income tax recoveries of \$9.1 million for fiscal 2023. Income tax calculated at the statutory income tax rate, including foreign income subject to tax at a different statutory tax rate, resulted in an income tax recovery of \$2.4 million. Income tax recoveries related to non-deductible expenses, including RSUs, and non-taxable income totaled \$0.7 million.

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

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, gain or loss on disposal of property and equipment, other non-operating costs, restructuring expenses, impairment of goodwill, 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, gain or loss on disposal of property and equipment, impairment of goodwill, unrealized net foreign exchange gain or loss, unrealized 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, realized gain or loss on the fair value of derivatives, 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.

Gain or loss on disposal of property and equipment: As a non-cash item, the disposal of property and equipment 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.

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.

Impairment of goodwill: As a non-cash item, the impairment of goodwill is not indicative of our operating profitability and therefore represents 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.

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

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 consolidated statements of operations and comprehensive income or loss for the three months and years ended September 30, 2023 and 2022. The reconciling items between net income or loss and Adjusted EBITDA for the three months and years ended September 30, 2023 and 2022 were as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Net income (loss)	\$ 1,622	\$ (9,968)	\$ (6,196)	\$ (9,265)
Stock-based compensation expense	288	305	1,377	1,535
Amortization	873	1,088	3,877	4,530
Loss on disposal of property and equipment	24	367	-	603
Other non-operating costs	-	-	-	66
Restructuring expenses	14	969	1,703	1,542
Impairment of goodwill	-	17,296	-	17,296
Interest expense	75	56	283	264
Interest income	(339)	(71)	(825)	(134)
Net foreign exchange (gain) loss	(1,797)	(5,040)	1,186	(5,725)
Gain on fair value of derivatives	(60)	-	(815)	-
Gain on fair value of warrants	-	-	-	(249)
Income tax recovery	(106)	(6,114)	(2,949)	(3,084)
Adjusted EBITDA	\$ 594	\$ (1,112)	\$ (2,359)	\$ 7,379

Management calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Revenues	\$ 42,189	\$ 58,200	\$ 163,914	\$ 339,642
Less: Transaction costs	31,023	43,833	120,899	254,203
Less: Operating expenses	10,860	15,784	46,751	79,595
Add: Stock-based compensation expense	288	305	1,377	1,535
Adjusted EBITDA	\$ 594	\$ (1,112)	\$ (2,359)	\$ 7,379

Adjusted EBITDA by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
U.S. Appraisal	\$ 3,935	\$ 4,570	\$ 14,178	\$ 26,997
U.S. Title	(1,581)	(2,930)	(8,338)	(8,084)
Canada	1,134	958	4,249	4,483
Corporate (excluding stock-based compensation expense)	(2,894)	(3,710)	(12,448)	(16,017)
Consolidated Adjusted EBITDA	\$ 594	\$ (1,112)	\$ (2,359)	\$ 7,379

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
U.S. Appraisal	46.0%	41.0%	42.8%	48.6%
U.S. Title	-150.4%	-167.5%	-215.6%	-35.1%
Canada	72.9%	65.0%	70.5%	65.2%
Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation expense)	5.3%	-7.7%	-5.5%	8.6%

Real Matters Inc. – MD&A for the years ended September 30, 2023 and 2022

(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

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 to measure our Company relative to our peers.

The reconciling items between net income or loss and Net Revenue for the three months and years ended September 30, 2023 and 2022 are detailed in the consolidated statements of operations and comprehensive income or loss and were as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Net income (loss)	\$ 1,622	\$ (9,968)	\$ (6,196)	\$ (9,265)
Operating expenses	10,860	15,784	46,751	79,595
Amortization	873	1,088	3,877	4,530
Loss on disposal of property and equipment	24	367	-	603
Other non-operating costs	-	-	-	66
Restructuring expenses	14	969	1,703	1,542
Impairment of goodwill	-	17,296	-	17,296
Interest expense	75	56	283	264
Interest income	(339)	(71)	(825)	(134)
Net foreign exchange (gain) loss	(1,797)	(5,040)	1,186	(5,725)
Gain on fair value of derivatives	(60)	-	(815)	-
Gain on fair value of warrants	-	-	-	(249)
Income tax recovery	(106)	(6,114)	(2,949)	(3,084)
Net Revenue	\$ 11,166	\$ 14,367	\$ 43,015	\$ 85,439

Management calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Revenues	\$ 42,189	\$ 58,200	\$ 163,914	\$ 339,642
Less: Transaction costs	31,023	43,833	120,899	254,203
Net Revenue	\$ 11,166	\$ 14,367	\$ 43,015	\$ 85,439

Net Revenue by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
U.S. Appraisal	\$ 8,559	\$ 11,145	\$ 33,117	\$ 55,510
U.S. Title	1,051	1,749	3,867	23,049
Canada	1,556	1,473	6,031	6,880
Consolidated Net Revenue	\$ 11,166	\$ 14,367	\$ 43,015	\$ 85,439

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
U.S. Appraisal	27.5%	25.4%	27.4%	22.1%
U.S. Title	45.0%	44.1%	40.6%	63.1%
Canada	17.9%	14.3%	18.0%	13.2%
Consolidated Net Revenue margin	26.5%	24.7%	26.2%	25.2%

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

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, impairment of goodwill, net foreign exchange gain or loss, gain or loss on fair value of derivatives and gain or loss on fair value of warrants, each net of the related tax effects, as applicable. 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, impairment of goodwill, unrealized net foreign exchange gain or loss, unrealized 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, realized net foreign exchange gain or loss and realized gain or loss on fair value of derivatives). Adjusted Net Income or Loss is a useful financial and operating metric for the Company, and our board of directors, as it represents net income or loss from operations which excludes treasury and capital costs, 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 and years ended September 30, 2023 and 2022 were as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Net income (loss)	\$ 1,622	\$ (9,968)	\$ (6,196)	\$ (9,265)
Stock-based compensation expense	288	305	1,377	1,535
Amortization of intangibles	385	351	1,485	1,389
Other non-operating costs	-	-	-	66
Restructuring expenses	14	969	1,703	1,542
Impairment of goodwill	-	17,296	-	17,296
Net foreign exchange (gain) loss	(1,797)	(5,040)	1,186	(5,725)
Gain on fair value of derivatives	(60)	-	(815)	-
Gain on fair value of warrants	-	-	-	(249)
Related tax effects	388	(3,868)	(929)	(4,088)
Adjusted Net Income (Loss)	\$ 840	\$ 45	\$ (2,189)	\$ 2,501

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 the Company 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). The Company 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 consolidated statements of operations and comprehensive income or loss. Free Cash Flow is a useful financial and operating metric for the Company, 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 a Normal Course Issuer Bid (“NCIB”) and future acquisitions or investment.

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 the Company, and our board of directors, as it represents a proxy for our ability to convert Adjusted EBITDA to Free Cash Flow.

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Cash (utilized in) generated from operating activities	\$ (29)	\$ (4,813)	\$ (2,564)	\$ 17,567
Less: changes in non-cash working capital items	(3,459)	(2,400)	636	16,847
Less: intangible asset additions	173	106	496	160
Less: property and equipment additions	28	-	534	1,015
Add: income taxes (recovered) paid	(2,411)	358	(420)	4,721
Less: current income tax expense (recovery)	344	(282)	494	1,761
Add: other non-operating costs	-	-	-	66
Add: restructuring expenses	14	969	1,703	1,542
Add: net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements	(175)	(11)	100	200
Free Cash Flow	\$ 313	\$ (921)	\$ (3,341)	\$ 4,313

Management calculates Free Cash Flow as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Adjusted EBITDA	\$ 594	\$ (1,112)	\$ (2,359)	\$ 7,379
Less: interest expense	75	56	283	264
Add: interest income	339	71	825	134
Less: current income tax expense (recovery)	344	(282)	494	1,761
Less: intangible asset additions	173	106	496	160
Less: property and equipment additions	28	-	534	1,015
Free Cash Flow	\$ 313	\$ (921)	\$ (3,341)	\$ 4,313

Free Cash Flow Conversion is calculated as follows:

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Free Cash Flow	\$ 313	\$ (921)	\$ (3,341)	\$ 4,313
Divided by: Adjusted EBITDA	\$ 594	\$ (1,112)	\$ (2,359)	\$ 7,379
Free Cash Flow Conversion	52.7%	82.8%	141.6%	58.4%

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 information presented in our financial statements.

SELECTED ANNUAL INFORMATION

	Year ended September 30		
	2023	2022	2021
Revenues	\$ 163,914	\$ 339,642	\$ 504,107
Net (loss) income	\$ (6,196)	\$ (9,265)	\$ 33,080
Net (loss) income per weighted average share, basic	\$ (0.08)	\$ (0.12)	\$ 0.40
Net (loss) income per weighted average share, diluted	\$ (0.08)	\$ (0.12)	\$ 0.39
Total assets	\$ 128,738	\$ 137,004	\$ 194,340
Total long-term liabilities	\$ 2,941	\$ 4,312	\$ 6,979

Revenues

2023-2022

Please see the "Review of Operations – For the three months and year ended September 30, 2023" section of this MD&A for a detailed discussion regarding the change in revenues between fiscal 2023 and fiscal 2022.

2022-2021

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, new client additions and higher home equity and default volumes serviced. The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, changes in our client portfolio, the

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rationalization of our diversified title business to align with our long-term market share objectives and lower home equity revenues. Excluding the impact of FX, Canadian segment revenues increased modestly on higher insurance inspection revenues while appraisal services were flat as net market share gains were offset by lower market volumes.

Net (loss) income

2023-2022

Please see the “Review of Operations – For the three months and year ended September 30, 2023” section of this MD&A for a detailed discussion of the components comprising the change in net income between fiscal 2023 and fiscal 2022.

2022-2021

We recorded a net loss in fiscal 2022 versus net income in fiscal 2021. Factors contributing to the decline included the recognition of a goodwill impairment charge, lower Adjusted EBITDA^(A) generated by all three operating segments and higher restructuring expenses. These declines were partially offset by higher net foreign exchange gains between periods due to changes in the FX rate between the Canadian and U.S. dollar. A large deferred income tax recovery attributable to the decline in our financial performance and the goodwill impairment charge also partially offset the declines noted above.

Total Assets

2023-2022

Total assets declined \$8.3 million between fiscal 2022 and fiscal 2023. Lower cash and cash equivalents of \$3.8 million, lower trade and other receivables of \$4.5 million, lower income tax recoverable of \$0.9 million, lower intangibles of \$1.0 million, lower property and equipment of \$3.1 million, was partially offset by higher other assets of \$0.8 million and higher deferred tax assets of \$3.5 million. Please refer to the “Financial Condition, Liquidity and Capital Resources” section of this MD&A for a detailed discussion of the components comprising the change in cash and cash equivalents and trade and other receivables. The decline in intangibles was the result of normal course amortization. Lower property and equipment balances were due to the disposal of a right-of-use asset and normal course amortization, partially offset by new equipment additions. The decrease in income taxes recoverable reflects income tax refunds collected during the year. Other assets represent the fair value of our total return swap. The increase in deferred tax assets is largely attributable to loss carryforwards in our U.S. and Canadian operating entities.

2022-2021

Total assets declined \$57.3 million between fiscal 2022 and fiscal 2021. Lower cash and cash equivalents of \$14.1 million, lower trade and other receivables of \$26.2 million, lower intangibles of \$1.2 million, lower goodwill of \$17.3 million and lower property and equipment of \$4.1 million, was partially offset by higher income taxes recoverable of \$0.9 million and higher deferred tax assets of \$4.7 million. The decrease in cash and cash equivalents was due in large part to the purchase of common shares and related costs under our NCIB totaling \$28.7 million. Income taxes paid of \$4.7 million, investments made in property and equipment of \$1.0 million, primarily for end-of-life computer equipment, and the net repayment of lease liabilities of \$1.5 million also contributed to the decline in cash and cash equivalents. These outflows of cash and cash equivalents were partially offset by a non-cash working capital recovery of \$16.8 million, due primarily to the timing of payment from two significant clients in our U.S. Appraisal segment at the end of fiscal 2021, and \$7.4 million of Adjusted EBITDA^(A) recognized in fiscal 2022. The decline in intangibles was the result of normal course amortization, while lower goodwill reflected an impairment charge attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity. Lower property and equipment balances were due to the disposal of a right-of-use asset for a Denver property lease, including the disposal of leasehold improvements attributable to that lease, and normal course amortization, partially offset by new equipment additions due primarily to the replacement of end-of-life computer equipment. The increase in income taxes recoverable reflected income taxes paid that were higher than the current year provision for income taxes payable, partially offset by amounts payable in respect of dividend withholding tax attributable to the transfer of cash between the U.S. and Canada to support the purchase of common shares and related costs under our NCIB. The increase in deferred tax assets was largely attributable to loss carryforwards in our U.S. and Canadian operating entities.

Total Long-Term Liabilities

2023-2022

Total long-term liabilities declined \$1.4 million due primarily to lower long-term lease liabilities of \$1.9 million, mainly representing normal course lease payments and lease amendments, partially offset by an increase in other liabilities of \$0.5 million associated with the future payment of cash-settled RSUs.

We expect to satisfy our total long-term liabilities as they come due based on our expectations of future operating performance and our current cash and cash equivalents balance.

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2022-2021

Total long-term liabilities declined \$2.7 million due primarily to lower long-term lease liabilities of \$2.0 million, representing normal course lease payments and a reduction to lease liabilities attributable to the reassessment of the Denver property lease. The decline in warrant liabilities of \$0.7 million reflected the exercise of all remaining warrants in fiscal 2022.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial information as reported for each of the eight most recent quarters, the latest of which ended September 30, 2023. This information has been prepared on the same basis as the Company's audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements of the Company and the related notes to those statements.

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues								
U.S. Appraisal	\$ 31,160	\$ 33,430	\$ 27,996	\$ 28,260	\$ 43,908	\$ 57,299	\$ 70,374	\$ 79,335
U.S. Title	2,333	2,609	2,223	2,361	3,966	5,606	10,775	16,195
Canada	8,696	9,911	7,391	7,544	10,326	15,799	13,832	12,227
Total revenues	\$ 42,189	\$ 45,950	\$ 37,610	\$ 38,165	\$ 58,200	\$ 78,704	\$ 94,981	\$ 107,757
Net income (loss)	\$ 1,622	\$ (619)	\$ (2,580)	\$ (4,619)	\$ (9,968)	\$ (1,424)	\$ (509)	\$ 2,636
Net income (loss) - attributable to common shareholders	\$ 1,622	\$ (619)	\$ (2,580)	\$ (4,596)	\$ (9,960)	\$ (1,437)	\$ (545)	\$ 2,670
Net income (loss) per weighted average share, basic	\$ 0.02	\$ (0.01)	\$ (0.04)	\$ (0.06)	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ 0.03
Net income (loss) per weighted average share, diluted	\$ 0.02	\$ (0.01)	\$ (0.04)	\$ (0.06)	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ 0.03

Seasonality

Residential mortgage origination volumes in North America 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.

Net income (loss)

Net income or loss generally follows the rise and fall in revenues. However, net income or loss is also impacted by changes in stock-based compensation expense, amortization, gains or losses on disposal of property and equipment, other non-operating costs, restructuring expenses, impairment of goodwill, 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. Net income tax expense or recovery also impacts net income or loss.

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 was the primary contributor to the loss, owing in large part to lower addressable mortgage origination volumes. 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 contributed to the higher net loss in the first quarter of fiscal 2023 compared to the same quarter last year, which was 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.

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We recorded a larger net loss in the second quarter of fiscal 2023 compared to the same quarter last fiscal year. Lower Adjusted EBITDA^(A) contributions recognized across each of our segments was the primary contributor to the higher current quarter loss, owing in large part to lower addressable mortgage origination volumes. In addition, we recorded restructuring expenses of \$0.3 million in the second 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. The aforementioned contributed to the higher net loss in the second quarter of fiscal 2023 compared to the same quarter last year, which was partially offset by lower foreign currency exchange losses of \$1.2 million, due to changes in the Canadian dollar relative to the U.S. dollar, lower losses of \$0.2 million recognized in the comparative quarter on the disposal of property and equipment, due to an adjustment to a leased property related to the remeasurement of a lease liability, and a higher gain recognized on the fair value of derivatives from a total return swap used to manage our cash flow exposure arising from changes in our share price attributable to cash-settled RSUs. Higher net income tax recoveries of \$0.2 million reflect the decline in our financial performance, which was due in large part to the comparative decline in mortgage market origination volumes.

Net loss in the third quarter of fiscal 2023 was lower than the net loss recorded in the third quarter of fiscal 2022. A higher consolidated Adjusted EBITDA^(A) contribution was the primary contributor to the lower loss in the third quarter of fiscal 2023. Although revenues were lower across each of our segments owing in large part to lower addressable mortgage origination volumes, we recorded substantially lower operating expenses from lower salary and benefit costs and other operating expenses. In addition, we recognized a higher gain on the fair value of derivatives from our total return swap and incurred lower income tax expense. The aforementioned contributed to the lower net loss in the third quarter of fiscal 2023 compared to the same quarter last year, which was partially offset by higher foreign currency exchange losses due to changes in the Canadian dollar relative to the U.S. dollar.

Please see the “Review of Operations – For the three months and year ended September 30, 2023” section of this MD&A for a detailed discussion of the components comprising the change in net income between the fourth quarter of fiscal 2023 and the fourth quarter of fiscal 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Select Consolidated Statement of Financial Position (“Balance Sheet”) Information

	As at September 30		
	2023	2022	Change
Trade and other receivables	\$ 15,295	\$ 19,831	\$ (4,536)
Intangibles	\$ 4,004	\$ 4,992	\$ (988)
Goodwill	\$ 43,181	\$ 43,181	\$ -
Working capital position			
- (current assets less current liabilities)	\$ 47,097	\$ 52,047	\$ (4,950)

Trade and other receivables

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

Intangibles

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.

Working capital position

Our consolidated working capital position declined on a comparative basis to \$47.1 million. The Company has no outstanding debt. Total current assets declined \$8.4 million while total current liabilities declined \$3.5 million. The decline in total current assets was due to lower trade and other receivables of \$4.5 million, lower cash and cash equivalents of \$3.8 million and lower income taxes recoverable of \$0.9 million, partially offset by higher prepaid expenses of \$0.9 million. The decline in trade and other receivables was due in large part to lower mortgage origination market activity. The decline in total current liabilities was due to a decrease in trade payables and accrued charges owing to the decline in volumes serviced and the timing of certain payments.

Please refer to the “Cash Flows” section below for a detailed discussion of the components comprising the change in cash and cash equivalents.

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Cash Flows

	Three months ended September 30			Year ended September 30		
	2023	2022	Change	2023	2022	Change
Cash flows (utilized in) generated from:						
Operating activities	\$ (29)	\$ (4,813)	\$ 4,784	\$ (2,564)	\$ 17,567	\$ (20,131)
Investing activities	(174)	(39)	(135)	(799)	(1,080)	281
Financing activities	201	(1,955)	2,156	(445)	(30,424)	29,979
Effect of foreign currency translation on cash and cash equivalents	(192)	(92)	(100)	7	(134)	141
Net cash outflow	\$ (194)	\$ (6,899)	\$ 6,705	\$ (3,801)	\$ (14,071)	\$ 10,270

Changes in cash flows (utilized in) generated from:		
	Three months ended September 30, 2023 vs. Three months ended September 30, 2022	Year ended September 30, 2023 vs. Year ended September 30, 2022
Operating activities	↑ Cash generated from operating activities increased \$4.8 million due in part to a \$1.7 million increase in Adjusted EBITDA ^(A) as outlined in the "Review of Operations - For the three months and year ended September 30, 2023" section of this MD&A. In addition, income taxes recovered totaled \$2.4 million versus income taxes paid of \$0.4 million in the comparable period.	↓ Cash generated from operating activities declined \$20.1 million due in part to a \$9.7 million decline in Adjusted EBITDA ^(A) as outlined in the "Review of Operations - For the three months and year ended September 30, 2023" section of this MD&A. Non-cash working capital declined \$16.2 million, which was due in large part to the timing of payments combined with lower comparative mortgage origination market activity leading to lower trade and other receivables balances. In fiscal 2022, we paid income taxes of \$4.7 million versus a recovery in fiscal 2023 of \$0.4 million.
Investing activities	↓ Cash utilized in investing activities increased modestly by \$0.1 million mainly due to higher additions of intangible assets.	↓ Cash utilized in investing activities decreased to \$0.8 million compared to \$1.1 million mainly due to lower expenditures on the acquisition of property and equipment, partially offset by higher additions of intangible assets.
Financing activities	↑ Cash utilized in financing activities was lower on a comparative basis by \$2.2 million mainly due to a decline in common shares purchased under our NCIB and an increase in proceeds received from the exercise of stock options.	↑ Cash utilized in financing activities was lower on a comparative basis by \$30.0 million mainly due to a decline in common shares purchased under our NCIB and a decline in RSUs purchased and held in trust.

Contractual Obligations

	September 30, 2023				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Leases	\$ 4,444	\$ 1,825	\$ 1,884	\$ 682	\$ 53
Trade payables and accrued charges	12,549	12,549	-	-	-
Other liabilities	508	-	508	-	-
Total contractual obligations	\$ 17,501	\$ 14,374	\$ 2,392	\$ 682	\$ 53

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

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Total return swap

In December 2022, the Company 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 September 30, 2023 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

DISCLOSURE OF OUTSTANDING SHARE DATA

Number of shares issued and outstanding (in thousands)	September 30, 2023	November 16, 2023
Common shares	72,944	72,944
Restricted shares	(101)	(101)
Preferred shares	-	-
Total contributed equity	72,843	72,843

Normal course issuer bid ("NCIB")

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

We were permitted to purchase a block of common shares once a week which could 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 cancelled.

For the year ended September 30, 2023, 0.003 million (2022 – 6.5 million) common shares were purchased and cancelled at an aggregate cost of \$0.01 million (2022 - \$28.7 million).

As of November 16, 2023, no additional common shares were purchased and cancelled or settled since September 30, 2023.

Stock options

At September 30, 2023, stock options issued and outstanding totaled 3.6 million (September 30, 2022 – 4.4 million) and 3.2 million (September 30, 2022 – 3.8 million) were exercisable for common shares of the Company.

RSUs

At September 30, 2023, 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.

Dividends

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

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(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.

	Fiscal 2023			Fiscal 2022		
	Consolidated Balance Sheet	Consolidated Statement of Operations and Comprehensive Income or loss		Consolidat- ed Balance Sheet	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
March 31	\$ 0.7389	\$ 0.7398	\$ 0.7381	\$ 0.8003	\$ 0.7897	\$ 0.7917
June 30	\$ 0.7553	\$ 0.7445	\$ 0.7402	\$ 0.7760	\$ 0.7834	\$ 0.7889
September 30	\$ 0.7396	\$ 0.7456	\$ 0.7415	\$ 0.7296	\$ 0.7656	\$ 0.7829

FX Impact on Consolidated Results

The following tables have been prepared to assist readers in assessing the FX impact on select operating results for the three months and year ended September 30, 2023.

	Three months ended September 30			
	2022	2023	2023	2023
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
Consolidated Statement of Operations				
Revenues	\$ 58,200	\$ 42,189	\$ (238)	\$ 42,427
Transaction costs	\$ 43,833	\$ 31,023	\$ (196)	\$ 31,219
Operating expenses	\$ 15,784	\$ 10,860	\$ (82)	\$ 10,942
Net (loss) income	\$ (9,968)	\$ 1,622	\$ (72)	\$ 1,694
Net Revenue^(A)	\$ 14,367	\$ 11,166	\$ (42)	\$ 11,208
Adjusted EBITDA^(A)	\$ (1,112)	\$ 594	\$ 34	\$ 560
Adjusted Net Income^(A)	\$ 45	\$ 840	\$ 17	\$ 823

Note: ^(A) – Please refer to the “Non-GAAP measures” section of this MD&A

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	Year ended September 30			
	2022	2023	2023	2023
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
Consolidated Statement of Operations				
Revenues	\$ 339,642	\$ 163,914	\$ (1,873)	\$ 165,787
Transaction costs	\$ 254,203	\$ 120,899	\$ (1,536)	\$ 122,435
Operating expenses	\$ 79,595	\$ 46,751	\$ (872)	\$ 47,623
Net loss	\$ (9,265)	\$ (6,196)	\$ 607	\$ (6,803)
Net Revenue^(A)	\$ 85,439	\$ 43,015	\$ (337)	\$ 43,352
Adjusted EBITDA^(A)	\$ 7,379	\$ (2,359)	\$ 458	\$ (2,817)
Adjusted Net Income (Loss)^(A)	\$ 2,501	\$ (2,189)	\$ 487	\$ (2,676)

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. Estimates and judgments are based on our 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

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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 segment.

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 that 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

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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, \$8.4 million at September 30, 2023. 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.

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These amendments are effective for annual reporting periods beginning on or after 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 for annual reporting periods beginning on or after 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 consolidated statements of financial position as at September 30, 2023, \$42.3 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 consolidated statements of financial position as at September 30, 2023, \$15.3 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 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 September 30, 2023 were not considered significant.

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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 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 due to 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 a party to any FX agreements. Accordingly, we are exposed to currency risk in 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 use of 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 a total return swap agreement 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 counterparties 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 the counterparty to the agreement. We verify the reasonableness of the quotes by comparing them to share price movement adjusted for interest using a market rate of interest specific to the terms of the underlying contract. There was one total return swap outstanding on September 30, 2023. Accordingly, the risk of having a material impact on the determination of fair value using different assumptions and or estimation methods is expected to be unlikely.

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

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CONTINGENCIES

From time to time, we are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information, we believe that our liabilities, if any, arising from such matters will not have a material adverse effect on our consolidated financial position or results of operations and have been adequately provided for in the consolidated financial statements.

In the ordinary course of business, we are subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions we made in our tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on our consolidated financial position or results of operations.

FINANCIAL INFORMATION CONTROLS AND PROCEDURES

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Executive Vice-President and Chief Financial Officer ("CFO"), to allow for timely decisions in respect of these requirements.

As at September 30, 2023, management evaluated, under the supervision of, and with the participation of, the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at September 30, 2023.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in NI 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO, and effected by the board of directors, management and other personnel of the Company, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis.

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at September 30, 2023, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2023.

There have been no changes during the year ended September 30, 2023 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

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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, home equity, REO 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 and Veteran Affairs volumes;
- 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.sedarplus.ca:

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;

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

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.