

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended September 30, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-39412

FATHOM HOLDINGS INC.

(Exact name of Registrant as specified in its Charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

82-1518164

(I.R.S. Employer Identification No.)

2000 Regency Parkway Drive, Suite 300, Cary, North Carolina 27518

(Address of principal executive offices) (Zip Code)

(888) 455-6040

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, No Par Value	FTHM	The NASDAQ Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 10, 2025, the registrant had 32,390,959 shares of common stock outstanding.

FATHOM HOLDINGS INC.
FORM 10-Q
For the Quarterly Period Ended September 30, 2025

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

FATHOM HOLDINGS INC. **CONDENSED CONSOLIDATED BALANCE SHEETS** (in thousands, except share data)

	September 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,756	\$ 7,127
Restricted cash	161	263
Accounts receivable	8,130	3,147
Other receivable - current	3,000	4,000
Mortgage loans held for sale, at fair value	9,091	4,772
Prepaid and other current assets	7,361	5,647
Total current assets	37,499	24,956
Property and equipment, net	1,659	1,854
Lease right of use assets	4,269	3,781
Intangible assets, net	18,213	20,234
Goodwill	21,498	21,498
Other receivable - long-term	—	3,000
Other assets	99	74
Total assets	\$ 83,237	\$ 75,397
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,590	\$ 4,305
Accrued and other current liabilities	5,060	4,894
Warehouse lines of credit	8,914	4,556
Lease liability - current portion	1,584	1,237
Long-term debt - current portion	491	4,389
Total current liabilities	26,639	19,381
Lease liability, net of current portion	3,518	3,522
Long-term debt, net of current portion	5,082	5,087
Other long-term liabilities	4,617	2,726
Total liabilities	39,856	30,716
Commitments and contingencies (Note 18)		
Shareholders' equity:		
Common stock (no par value, shares authorized, 100,000,000; shares issued and outstanding, 32,077,228 and 22,732,716 as of September 30, 2025 and December 31, 2024, respectively)	—	—
Additional paid-in capital	150,139	137,844
Accumulated deficit	(106,758)	(93,163)
Total shareholders' equity	43,381	44,681
Total liabilities and shareholders' equity	\$ 83,237	\$ 75,397

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

FATHOM HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 115,313	\$ 83,733	\$ 329,871	\$ 243,443
Commission and service costs	105,743	76,822	302,815	221,531
General and administrative	8,261	8,066	24,881	25,393
Marketing	979	1,361	3,753	3,898
Technology and development	1,818	1,702	5,594	4,848
Litigation contingency	2,000	3,099	2,011	3,437
Depreciation and amortization	550	444	1,658	1,718
Gain on sale of business	—	—	—	(2,958)
Loss from operations	(4,038)	(7,761)	(10,841)	(14,424)
Other expense (income), net				
Interest expense, net	112	104	475	318
Other nonoperating expense	183	238	2,176	572
Other expense (income), net	295	342	2,651	890
Loss before income taxes	(4,333)	(8,104)	(13,492)	(15,314)
Income tax expense	24	17	102	28
Net loss	\$ (4,357)	\$ (8,121)	\$ (13,594)	\$ (15,342)
Net loss per share:				
Basic	\$ (0.15)	\$ (0.40)	\$ (0.51)	\$ (0.78)
Diluted	\$ (0.15)	\$ (0.40)	\$ (0.51)	\$ (0.78)
Weighted average common shares outstanding:				
Basic	29,569,936	20,429,791	26,844,457	19,792,773
Diluted	29,569,936	20,429,791	26,844,457	19,792,773

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

FATHOM HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Outstanding Shares	Par Value			
Balance at June 30, 2025	28,110,120	\$ —	\$ 143,101	\$ (102,401)	\$ 40,700
Stock-based compensation, net of forfeitures	517,108	—	562	—	562
Issuance of common stock for public offering, net offering costs of \$385	3,450,000	—	6,475	—	6,475
Net loss	—	—	—	(4,357)	(4,357)
Balance at September 30, 2025	32,077,228	\$ —	\$ 150,139	\$ (106,758)	\$ 43,381

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Outstanding Shares	Par Value			
Balance at June 30, 2024	21,007,879	\$ —	\$ 131,943	\$ (78,807)	\$ 53,136
Stock-based compensation, net of forfeitures	790,675	—	1,967	—	1,967
Other	—	—	130	—	130
Net loss	—	—	—	(8,121)	(8,121)
Balance at September 30, 2024	21,798,554	\$ —	\$ 134,040	\$ (86,928)	\$ 47,112

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Outstanding Shares	Par Value			
Balance at December 31, 2024	22,732,716	\$ —	\$ 137,844	\$ (93,163)	\$ 44,681
Stock-based compensation, net of forfeitures	1,556,509	—	3,013	—	3,013
Issuance of common stock for public offering, net offering costs of \$385	7,788,003	—	9,513	—	9,513
Discount of common stock for public offering	—	—	(198)	—	(198)
Other	—	—	(33)	—	(33)
Net loss	—	—	—	(13,594)	(13,594)
Balance at September 30, 2025	32,077,228	\$ —	\$ 150,139	\$ (106,758)	\$ 43,381

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Outstanding Shares	Par Value			
Balance at December 31, 2023	20,671,515	\$ —	\$ 126,820	\$ (71,586)	\$ 55,234
Stock-based compensation, net of forfeitures	1,127,039	—	7,118	—	7,118
Offering costs in connection with public offering	—	—	(28)	—	(28)
Other	—	—	130	—	130
Net loss	—	—	—	(15,342)	(15,342)
Balance at September 30, 2024	21,798,554	\$ —	\$ 134,040	\$ (86,928)	\$ 47,112

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

FATHOM HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (13,594)	\$ (15,342)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,380	4,050
Gain on sale of business	—	(2,958)
Non-cash lease expense	1,063	1,372
Deferred financing cost amortization	29	—
Gain on sale of mortgages	(5,393)	(5,033)
Stock-based compensation	3,013	7,118
Deferred income taxes	3	—
Change in operating assets and liabilities:		
Accounts receivable	(4,983)	51
Prepaid and other current assets	(1,450)	(1,704)
Other assets	(24)	(23)
Accounts payable	6,284	1,708
Accrued and other current liabilities	2,174	1,383
Operating lease liabilities	(1,209)	(1,510)
Other long-term liabilities	—	1,916
Mortgage loans held for sale originations	(184,187)	(192,230)
Proceeds from sale and principal payments on mortgage loans held for sale	185,261	196,832
Net cash used in operating activities	(8,633)	(4,371)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(78)	(46)
Purchase of intangible assets	(2,085)	(2,160)
Proceeds from sale of business	4,000	7,435
Amounts paid for business and asset acquisitions, net of cash acquired	(120)	—
Other investing activities	—	(130)
Net cash provided by investing activities	1,717	5,099
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(4,196)	(557)
Proceeds from note payable	—	5,435
Deferred acquisition consideration payments	(33)	—
Proceeds from other financing activities	—	20
Borrowings from warehouse lines of credit	184,032	191,837
Repayment on warehouse lines of credit	(179,674)	(191,550)
Proceeds from the issuance of common stock in connection with a public offering	9,513	—
Payment of offering cost in connection with issuance of common stock in connection with public offering	(198)	(28)
Net cash provided by financing activities	9,444	5,157
Net increase in cash, cash equivalents, and restricted cash	2,528	5,886
Cash, cash equivalents, and restricted cash at beginning of period	7,389	7,540
Cash, cash equivalents, and restricted cash at end of period	\$ 9,917	\$ 13,426
Supplemental disclosure of cash and non-cash transactions:		
Cash paid for interest	\$ 178	\$ 299
Right of use assets obtained in exchange for new lease liabilities	\$ 1,621	\$ 1,572
Reconciliation of cash and restricted cash:		
Cash and cash equivalents	\$ 9,756	\$ 13,104

Restricted cash	161	322
Total cash, cash equivalents, and restricted cash shown in statement of cash flows	\$ 9,917	\$ 13,426

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

FATHOM HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Consolidation and Presentation of Financial Statements

Fathom Holdings Inc. (“Fathom,” “Fathom Holdings,” and collectively with its consolidated subsidiaries and affiliates, the “Company”) is a national, technology-driven, real estate services platform integrating residential brokerage, mortgage, title, and supporting software called intelliAgent. The Company’s brands include Fathom Realty, Encompass Lending, intelliAgent, LiveBy, Real Results, Verus Title, and Cornerstone. Dagley Insurance Agency was part of Fathom Holdings’ operations until May 3, 2024 (see further detail in Note 17).

The unaudited interim consolidated financial statements include the accounts of Fathom Holdings’ wholly-owned subsidiaries. All transactions and accounts between and among its subsidiaries have been eliminated. All adjustments and disclosures necessary for a fair presentation of these unaudited interim consolidated financial statements have been included.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results of operations for the periods presented. These financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2024 included in the Company’s Annual Report on Form 10-K filed with the Security and Exchange Commission (“SEC”) on March 28, 2025, as amended on April 29, 2025 (the “Form 10-K”). The results of operations for any interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period.

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the Company’s current year presentation with no effect on the previously reported net (loss) income or shareholders’ equity (deficit). Specifically, the Company reclassified certain components of revenue and operating expenses within the consolidated statements of operations to provide a more meaningful presentation of the Company’s results:

- Revenue is now presented as a single line item titled Total Revenue, which includes amounts previously reported separately as Gross Commission Income of \$78.6 million and \$227.1 million, and Other Service Revenue \$5.2 million and \$16.4 million for the three and nine months ended September 30, 2024, respectively;
- Commission and Services Costs now includes expenses previously reported under Commission and Other Agent-Related Costs of \$74.2 million and \$213.4 million, and Operations and Support of \$2.3 million and \$7.1 million for the three and nine months ended September 30, 2024, respectively. Commission and Services Costs represent direct costs to fulfill services provided by the Real Estate Brokerage, Mortgage, Technology and Development segments and Corporate and other services;
- General and Administrative Expenses now exclude agent recruiting costs of \$0.6 million and \$1.8 million for the three and nine months ended September 30, 2024, respectively, which have been reclassified to Marketing Expense; and
- Technology and Development Expenses now exclude certain direct personnel-related costs of \$0.3 million and \$1.1 for the three and nine months ended September 30, 2024, respectively, previously included in this category. These direct costs, primarily related to ongoing development and maintenance of proprietary software used by agents, customers, and internal staff, are now included in Commission and Services Costs. Such costs primarily consist of personnel expenses, including salaries, bonuses, benefits, and share-based compensation.

In November 2024, the Company acquired My Home Group (“MHG”), a real estate brokerage business in the Arizona real estate market, for total consideration of approximately \$4.2 million. The purchase price included initial cash consideration of approximately \$0.3 million and 814,672 shares of common stock with an acquisition date fair value of \$2.1 million. \$1.0 million of additional consideration, subject to certain adjustments, as defined, is due within one year of the acquisition date. Further, contingent consideration with an initial estimated present value of \$0.7 million is due contingent upon the occurrence of certain milestones. The Company will pay the contingent consideration, which may be

FATHOM HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

paid in cash or shares of common stock at the Company's discretion, equal to the amount by which MHG's net income exceeds defined thresholds during each fiscal year through December 31, 2027. The acquisition was accounted for as a business combination in accordance with ASC 805. Assets acquired and liabilities assumed in the individual acquisitions were recorded on the Company's consolidated balance sheet at their estimated fair values as of acquisition date, including current assets of \$0.1 million and accounts payable and accrued liabilities of \$0.2 million. The Company recorded finite-lived intangible assets of approximately \$3.2 million and goodwill of approximately \$1.4 million. None of the Goodwill is expected to be deductible for income tax purposes.

For the three months ended September 30, 2025, MHG revenue was \$34.3 million. For the nine months ended September 30, 2025, MHG revenue was \$101.7 million. The related earnings do not have a material effect on the Company's consolidated results of operations. Pro forma information has not been included as it is impracticable to obtain the information due to the lack of availability of historical GAAP financial data.

Note 2. Risks and Uncertainties

Certain Significant Risks and Business Uncertainties — The Company is subject to the risks and challenges associated with companies at a similar stage of development. These include dependence on key individuals, successful development and marketing of its offerings, and competition with larger companies with greater financial, technical, and marketing resources. Furthermore, during the period required to achieve higher revenue in order to become consistently profitable, the Company may require additional funds that might not be readily available or might not be on terms that are acceptable to the Company.

Liquidity — The Company has a history of negative cash flows from operations and operating losses. The Company generated net losses of approximately \$13.6 million and \$15.3 million for the nine months ended September 30, 2025 and 2024, respectively. Additionally, the Company anticipates further expenditures associated with the process of expanding its business organically and via acquisitions. The Company had cash and cash equivalents of \$9.8 million and \$7.1 million as of September 30, 2025 and December 31, 2024, respectively. The Company received \$4.0 million during the first nine months of 2025 related to the sale of its insurance business, which was completed in May 2024. The Company expects to receive the remaining \$3.0 million in May 2026. On April 7, 2025, the Company repaid its \$3.5 million convertible note (the "2023 Note") in full. In March 2025, the Company completed a public offering of common stock (the "March 2025 Offering"), which resulted in the issuance and sale by the Company of 3,505,364 shares of common stock at an offering price of \$0.68 per share and 832,639 shares of common stock at an offering price of \$0.72 per share, generating gross proceeds of \$3.0 million, of which the Company received total net proceeds of \$2.9 million, after deducting underwriting discounts and other offering costs. The Company issued and sold shares of its common stock to certain investors and members of the Company's Board. In September 2025, the Company completed a public offering of common stock (the "September 2025 Offering"), which resulted in the issuance and sale by the Company of 3,450,000 shares of common stock at an offering price of \$2.00 per share, generating gross proceeds of \$6.9 million, of which the Company received total net proceeds of \$6.5 million, after deducting underwriting discounts and other offering costs. In September 2024, the Company completed a private placement of senior secured convertible promissory notes with an aggregate principal amount of \$5.0 million (the "2024 Notes"). The 2024 Notes were issued to an existing shareholder who beneficially owned more than 5% of the Company's common stock and to the Chairman of the Company's Board of Directors (the "2024 Offering"). The 2024 Notes mature in October 2026. Management believes that existing cash along with its planned budget, growth from increasing attach rates across the Company's businesses from internal referrals, reduction of certain expenses given initiatives implemented throughout 2024 and 2025, and the expected ability to achieve sales volumes necessary to cover forecasted expenses, provide sufficient funding to continue as a going concern for a period of at least one year from the date of the issuance of these consolidated financial statements.

Use of Estimates — The preparation of the unaudited interim consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions, including those related to doubtful accounts, legal contingencies, income taxes, deferred tax asset valuation allowances, stock-based compensation, goodwill, estimated lives of intangible assets, and intangible asset impairment. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and

FATHOM HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company might differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Note 3. Recent Accounting Pronouncements

Recently Implemented Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07 – Segment Reporting (Topic 280) ("ASU 2023-07"). ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The amendments in this update require, among other things, a public company to disclose on an annual and interim basis significant segment expense, as well as other segment expenses, that are regularly provided to the CODM. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the standard during the quarter ended December 31, 2024 and its application has not materially impacted the Company's consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 - Income Taxes (Topic 740) ("ASU 2023-09"). ASU 2023-09 enhanced disclosures about the income tax rate reconciliation and income taxes paid. ASU 2023-09 is intended to improve the transparency and decision-usefulness of income tax disclosures for investors. The Company adopted ASU 2023-09 on January 1, 2025, on a prospective basis, as required for public companies with fiscal years beginning after December 15, 2024. The adoption did not have an impact on the Company's consolidated financial position, results of operations, or cash flows.

Recent Upcoming Accounting Pronouncement

In November 2024, the FASB issued Accounting Standards Update ASU 2024-03 – Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosure (Subtopic 220-40) ("ASU 2024-03"). ASU 2024-03 requires the disclosure of specified information about certain costs and expenses in the notes to the financial statements. Per the amendment, for each interim and annual reporting period, the reporting entity must 1) disclose the amounts of (i) purchases of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization and (v) depreciation, depletion, and amortization recognized as part of oil-and-gas producing activities; 2) include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements; 3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and 4) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. This amendment is effective for all annual periods beginning after December 31, 2026, and interim reporting periods beginning after December 15, 2027. The Company is currently evaluating the effect ASU 2024-03 will have on its disclosures.

In September 2025, the FASB issued Accounting Standards Update ASU 2025-06 - Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 (i) eliminates references to discrete development "stages" in ASC 350-40, (ii) clarifies that internal-use software costs may be capitalized only when both of the following criteria are met: (a) management authorizes and commits to fund the project; and (b) it is probable that the project will be completed and the software will be used to perform the intended function (the "probable-to-complete" threshold), and (iii) introduces new guidance to evaluate whether there is significant development uncertainty (for example, where software features are novel, unproven, or performance requirements have not been identified or remain subject to substantial revision). ASU 2025-06 is effective for annual and interim periods beginning after December 15, 2027. The Company is currently evaluating the effect ASU 2025-06 will have on its disclosures.

FATHOM HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Intangible Assets, Net

Intangible assets, net consisted of the following (amounts in thousands):

	September 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names	\$ 5,226	\$ (2,233)	\$ 2,993
Software development	19,447	(10,912)	8,535
Customer relationships	2,020	(874)	1,146
Agent relationships	9,244	(3,751)	5,493
Know-how	430	(383)	47
	<u>\$ 36,367</u>	<u>\$ (18,154)</u>	<u>\$ 18,213</u>

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names	\$ 5,226	\$ (1,841)	\$ 3,385
Software development	17,371	(8,404)	8,967
Customer relationships	2,020	(723)	1,297
Agent relationships	9,235	(2,761)	6,474
Know-how	430	(319)	111
	<u>\$ 34,282</u>	<u>\$ (14,048)</u>	<u>\$ 20,234</u>

Estimated future amortization of intangible assets as of September 30, 2025 was as follows (amounts in thousands):

Years Ending December 31,	
2025 (remaining)	\$ 1,398
2026	5,120
2027	4,191
2028	3,123
2029	2,164
Thereafter	2,217
Total	<u>\$ 18,213</u>

The aggregate amortization expense for intangible assets was \$1.4 million and \$1.1 million, of which \$0.9 million and \$0.8 million was included in technology and development expense for the three months ended September 30, 2025 and 2024, respectively.

The aggregate amortization expense for intangible assets was \$4.1 million and \$3.8 million, of which \$2.7 million and \$2.3 million was included in technology and development expense for the nine months ended September 30, 2025 and 2024, respectively.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Goodwill

The carrying amounts of goodwill by reportable segment as of September 30, 2025 and December 31, 2024 were as follows (amounts in thousands):

	Real Estate Brokerage	Mortgage	Technology	Other (a)	Total
Balance at September 30, 2025	\$ 4,068	\$ 10,428	\$ 4,168	\$ 2,834	\$ 21,498
	Real Estate Brokerage	Mortgage	Technology	Other (a)	Total
Balance at December 31, 2024	\$ 4,068	\$ 10,428	\$ 4,168	\$ 2,834	\$ 21,498

(a) Other consists of goodwill not assigned to a reportable segment.

The Company has a risk of future impairment to the extent that individual reporting unit performance does not meet projections. Additionally, if current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors, are not met, or if valuation factors outside of the Company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future. For the nine months ended September 30, 2025, no events occurred that indicated it was more likely than not that goodwill was impaired. The Company plans to conduct an annual goodwill impairment test in the fourth quarter of 2025.

Note 6. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (amounts in thousands):

	September 30, 2025	December 31, 2024
Deferred annual fee	\$ 626	\$ 851
Due to sellers	1,208	1,328
Accrued compensation	900	818
Other accrued liabilities	2,326	1,897
Total accrued and other current liabilities	<u>\$ 5,060</u>	<u>\$ 4,894</u>

Note 7. Warehouse Lines of Credit

Encompass Lending Group ("Encompass"), a wholly-owned subsidiary of the Company, utilizes line of credit facilities as a means of temporarily financing mortgage loans pending their sale. The underlying warehouse lines of credit agreements, as described below, contain financial and other debt covenants. The warehouse credit facilities are classified as current liabilities on our balance sheets. The below table has dollars in millions.

September 30, 2025				
Lender	Borrowing Capacity		Outstanding Borrowings	Weighted -Average Interest Rate on Outstanding Borrowings
Bank A ¹	\$	10.0	\$ 4.7	6.68 %
Bank B ²	\$	10.0	\$ 1.9	7.05 %
Bank C ³	\$	10.0	\$ 2.3	6.53 %
December 31, 2024				
Lender	Borrowing Capacity		Outstanding Borrowings	Weighted -Average Interest Rate on Outstanding Borrowings
Bank A ¹	\$	10.0	\$ 2.5	6.84 %
Bank B ²	\$	10.0	\$ 2.0	7.01 %

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(1) Bank A's interest on funds borrowed is equal to the greater of 5.5%, or the 30-Day Secured Overnight Financing Rate (SOFR) plus 2.438%. The agreement ends in August 2025. Encompass was in compliance with debt covenants under this facility as of September 30, 2025.

(2) Bank B's interest on funds borrowed is equal to the note rate. The agreement does not expire and can be canceled by either party at any time. Encompass was in compliance with debt covenants under this facility as of September 30, 2025.

(3) Bank C's interest on funds borrowed is equal to the greater of 4.5%, or the 30-Day Secured Overnight Financing Rate (SOFR) plus 2.4%. The agreement ends in May 2026. Encompass was in compliance with debt covenants under this facility as of September 30, 2025.

Note 8. Debt

Total debt consisted of the following (amounts in thousands):

	September 30, 2025	December 31, 2024
3.75% Small Business Administration installment loan due May 2050	\$ 104	\$ 109
Convertible note payable	5,000	8,471
Promissory note payable	91	226
Short term debt	183	197
Director and officer (D&O) insurance policy promissory note ¹	179	135
Executive and officer (E&O) insurance policy promissory note ²	16	338
Total debt	5,573	9,476
Long-term debt, current portion	(491)	(4,389)
Long-term debt, net of current portion	\$ 5,082	\$ 5,087

(1) The 2025 D&O note carries a 7.8% interest rate and is payable quarterly with the last quarterly payment due in June 2026.

(2) The 2025 E&O note carries a 13.5% interest rate and is payable monthly with the last monthly payment being due in August 2026.

Promissory Note

In connection with the acquisition of My Home Group ("MHG") in November 2024, the Company assumed a promissory note with a principal balance of \$0.2 million, bearing an annual interest rate of 8.5%. The note is payable in 20 equal monthly installments of \$13,413, with the final payment due in April 2026.

Revolving Credit Line

In connection with the acquisition of MHG, the Company assumed a revolving credit line with an outstanding balance of \$0.2 million, bearing an annual interest rate of 12.0%. The final payment is due in June 2026.

Convertible Note Payable

In September 2024, the Company sold and issued senior secured convertible promissory notes in aggregate principal amount of \$5.0 million (the "2024 Notes") to an existing shareholder, who beneficially owns more than 5.0% of Fathom's common stock, and the chairman of the Company's Board of Directors in a private placement (the "2024 Offering"). The cash proceeds to the Company from the issuance of the 2024 Note were \$4.9 million after deducting the 2024 Offering expense.

Beginning on September 25, 2024, quarterly interest payments are to be paid in cash on the principal amount at a fluctuating rate equal to (i) the monthly average Secured Overnight Financing Rate (SOFR) plus (ii) 4.0% per annum, subject to certain adjustments and a minimum rate of 8.0%. The 2024 Notes have a conversion price of \$4.25 per share of common stock, representing an initial conversion premium of approximately 85.0% above the last reported sale price of Fathom's common stock on September 26, 2024. The 2024 Notes will mature on October 1, 2026, unless repurchased or converted in accordance with their terms prior to such date. The 2024 Notes may not be converted by either purchaser into

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shares of common stock if such conversion would result in the purchaser and its affiliates owning an aggregate of in excess of 19.99% of the then-outstanding shares of the Company's common stock.

On April 13, 2023, the Company entered into a securities purchase agreement (the "Purchase Agreement") with an accredited investor (the "Holder") and issued a Senior Secured Convertible Promissory Note in the principal amount of \$3.5 million (the "2023 Note"), in a private placement (combined with the 2024 Offering, the "Offerings"). The Company paid a placement agent fee in the amount of \$175,000 in connection with the issuance of the 2023 Note. The cash proceeds to the Company from the issuance of the 2023 Note were \$3.3 million, after deducting the placement agent fee and approximately \$25,000 in purchaser expenses. The Company repaid \$3.5 million upon maturity in April 2025.

In connection with the Offerings, the Company also entered into Security Agreements pursuant to which the 2024 Note is secured by all existing and future assets of the Company.

Note 9. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement* ("ASC 820"), defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The methodology establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels, which are described below:

- Level 1 inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where evaluated. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure the financial instruments are recorded at fair value.

While management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Mortgage loans held for sale – Management determines the fair value of mortgage loans held for sale is determined using quoted secondary-market prices or purchaser commitments. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan, which would be used by other market participants. The loans are considered Level 2 on the fair value hierarchy.

Derivative financial instruments – Derivative financial instruments are reported at fair value. Fair value is determined using a pricing model with inputs that are unobservable in the market or cannot be derived principally from or corroborated by observable market data. These instruments are Level 3 on the fair value hierarchy.

The fair value determination of each derivative financial instrument categorized as Level 3 required one or more of the following unobservable inputs:

- Agreed prices from Interest Rate Lock Commitments ("IRLC");
- Trading prices for derivative instruments; and

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- Closing prices at September 30, 2025 and December 31, 2024 for derivative instruments.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024 (amounts in thousands):

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
Mortgage loans held for sale	\$ —	\$ 9,091	\$ —	\$ 9,091
Derivative assets	—	—	44	44
Derivative liabilities	—	—	(11)	(11)
	<u>\$ —</u>	<u>\$ 9,091</u>	<u>\$ 33</u>	<u>\$ 9,124</u>

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mortgage loans held for sale	\$ —	\$ 4,772	\$ —	\$ 4,772
Derivative assets	—	—	26	26
	<u>\$ —</u>	<u>\$ 4,772</u>	<u>\$ 26</u>	<u>\$ 4,798</u>

The Company enters into IRLCs to originate residential mortgage loans held for sale, at specified interest rates and within a specific period of time (generally between 30 and 90 days), with customers who have applied for a loan and meet certain credit and underwriting criteria. These IRLCs meet the definition of a derivative and are reflected on the consolidated balance sheets at fair value with changes in fair value recognized in other service revenue on the consolidated statements of operations. Unrealized gains and losses on the IRLCs, reflected as derivative assets and derivative liabilities, respectively, are measured based on the fair value of the underlying mortgage loan, quoted agency mortgage-backed security (“MBS”) prices, estimates of the fair value of the mortgage servicing rights and the probability that the mortgage loan will fund within the terms of the IRLC, net of commission expense and broker fees. The fair value of the forward loan sales commitment and mandatory delivery commitments being used to hedge the IRLCs and mortgage loans held for sale not committed to purchasers are based on quoted agency MBS prices.

Note 10. Leases

Operating Leases

The Company has operating leases primarily consisting of office space with remaining lease terms of less than one year to six years, subject to certain renewal options as applicable.

Leases with an initial term of twelve months or fewer are not recorded on the balance sheet, and the Company does not separate lease and non-lease components of contracts. There are no material residual guarantees associated with any of the Company’s leases, and there are no significant restrictions or covenants included in the Company’s lease agreements. Certain leases include variable payments related to common area maintenance and property taxes, which are billed by the landlord, as is customary with these types of charges for office space.

Our lease agreements generally do not provide an implicit borrowing rate. Therefore, the Company used a benchmark approach to derive an appropriate imputed discount rate. The Company benchmarked itself against other companies of similar credit ratings to derive an imputed rate, which was used in a portfolio approach to discount its real estate lease liabilities. The Company used estimated incremental borrowing rates for all active leases.

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The table below presents certain information related to lease costs for the Company's operating leases (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating lease expense	\$ 363	\$ 351	\$ 1,063	\$ 1,196
Short-term lease expense	136	138	427	433
Total lease cost	\$ 499	\$ 489	\$ 1,490	\$ 1,629

The following table presents the weighted average remaining lease term and the weighted average discount rate related to operating leases:

	September 30, 2025	December 31, 2024
Weighted average remaining lease term (in years) - operating leases	3.4	4.1
Weighted average discount rate - operating leases	8.21 %	7.61 %

The following table presents the maturities of lease liabilities (amounts in thousands):

Years Ended December 31,	Operating Leases
2025 (remaining)	\$ 491
2026	1,893
2027	1,718
2028	1,191
2029	184
Thereafter	403
Total minimum lease payments	5,880
Less effects of discounting	(778)
Present value of future minimum lease payments	\$ 5,102

Note 11. Shareholders' Equity

On March 10, 2022, the Company's Board of Directors authorized an expenditure of up to \$10.0 million for the repurchase of shares of the Company's common stock. The share repurchase program does not have a fixed expiration. Under the program, repurchases can be made from time-to-time using a variety of methods, including open market transactions, privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The actual timing and amount of future repurchases are subject to business and market conditions, corporate and regulatory requirements, stock price, acquisition opportunities and other factors. The repurchase program does not obligate the Company to acquire any particular number of shares and may be suspended or discontinued at any time at the Company's discretion. There were no equity repurchases during the nine months ended September 30, 2025 and the full year ended December 31, 2024, leaving approximately \$4.0 million remaining under the share repurchase authorization.

The Company issued an equity-classified warrant to an underwriter in August 2020 (the "Underwriter Warrant") to purchase 240,100 shares of common stock. The Underwriter Warrant had an exercise price of \$11.00 per share and was exercisable at any time through August 4, 2025, at which time it expired unexercised.

In March 2025, the Company completed the March 2025 Offering, which resulted in the issuance and sale by the Company of 3,505,364 shares of common stock at an offering price of \$0.68 per share and 832,639 shares of common stock at an offering price of \$0.72 per share, generating gross proceeds of \$3.0 million, of which the Company received total net proceeds of \$2.9 million, after deducting underwriting discounts and other offering costs. The Company issued and sold shares of its common stock to certain investors and members of the Company's Board.

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In September 2025, the Company completed the September 2025 Offering, which resulted in the issuance and sale by the Company of 3,450,000 shares of common stock at an offering price of \$2.00 per share, generating gross proceeds of \$6.9 million, of which the Company received total net proceeds of \$6.5 million, after deducting underwriting discounts and other offering costs. The Company issued and sold shares of its common stock to certain investors.

Note 12. Stock-based Compensation

The Company's 2019 Omnibus Stock Incentive Plan (the "2019 Plan") provides for granting stock options, restricted stock awards, and restricted stock units to employees, directors, contractors and consultants of the Company. On August 9, 2024, the Company's shareholders approved an amendment to the 2019 Plan that increased the share reserve of the 2019 Plan by 1,600,000 shares from 5,760,778 shares to 7,360,778 shares. On August 20, 2025, the Company's shareholders

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approved an amendment to the 2019 Plan that increased the share reserve of the 2019 Plan by 1,300,000 shares from 7,360,778 to 8,660,778 shares.

Restricted Stock Awards

The following is the restricted stock award activity for the three and nine months ended September 30, 2025:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2024	546,653	\$ 4.72
Granted	—	—
Vested	(170,800)	4.74
Forfeited	(13,292)	13.44
Nonvested at March 31, 2025	362,561	\$ 4.39
Granted	—	—
Vested	(130,069)	5.00
Forfeited	(39,585)	7.97
Nonvested at June 30, 2025	192,907	\$ 2.94
Granted	—	—
Vested	(54,499)	2.65
Forfeited	—	—
Nonvested at September 30, 2025	138,408	\$ 3.06

Restricted Stock Unit Awards

During 2024, the Company commenced granting restricted stock units to employees and agents.

The following is the restricted stock unit award activity for the three and nine months ended September 30, 2025:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2024	3,018,374	\$ 3.02
Granted	118,124	1.04
Vested	(530,347)	3.94
Forfeited	(72,841)	3.32
Nonvested at March 31 2025	2,533,310	\$ 2.71
Granted	118,880	0.97
Vested	(561,931)	2.32
Forfeited	(175,048)	3.79
Nonvested at June 30, 2025	1,915,211	\$ 2.46
Granted	712,115	0.96
Vested	(517,108)	2.56
Forfeited	160,382	2.67
Nonvested at September 30, 2025	2,270,600	\$ 1.81

Stock Option Awards

The Company did not grant stock option awards during the nine month period ended September 30, 2025.

Stock-based Compensation expense

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Stock-based compensation expense related to all awards issued under the Company's stock compensation plans for the three and nine months ended September 30, 2025 and 2024 was as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Commission and service costs	\$ 243	\$ 793	\$ 1,350	\$ 2,659
General and administrative	327	1,173	1,628	4,329
Marketing	(8)	1	35	130
Total stock-based compensation	<u>\$ 562</u>	<u>\$ 1,967</u>	<u>\$ 3,013</u>	<u>\$ 7,118</u>

At September 30, 2025, the total unrecognized compensation cost related to nonvested restricted stock awards was approximately \$0.2 million, which is expected to be recognized over a weighted average period of approximately eighteen months.

At September 30, 2025, the total unrecognized compensation cost related to nonvested restricted stock units was \$1.5 million, which the Company expects to recognize over a weighted average period of approximately fourteen months.

Note 13. Related Party Transactions

Effective May 3, 2024, the Company sold its wholly-owned insurance agency, Dagley Insurance Agency, to its original owner (for more information see Note. 17 - "Sale of Business").

In September 2024, the Company sold and issued senior secured convertible promissory notes in aggregate principal amount of \$5.0 million (the "2024 Notes") to an existing shareholder, who beneficially owns more than 5% of Fathom's common stock, and the chairman of the Company's Board of Directors in a private placement (the "2024 Offering"). The cash proceeds to the Company from the issuance of the 2024 Note were \$4.9 million after deducting the 2024 Offering expense.

In September 2024, IntelliAgent, a wholly owned subsidiary of the Company, purchased Hometown Heroes, LLC from Joshua Harley, the founder and former Chief Executive Officer of the Company, who is an employee of the Company and holds greater than 20% of its outstanding stock. The purchase price was \$500,000, of which \$200,000 was paid at closing with the remaining balance paid in five monthly installments of \$60,000 beginning in October 2024 and ending in February 2025. The terms of the transaction were approved by the disinterested members of the Company's Board of Directors in accordance with related-party transaction policies of the Company.

In March 2025, the Company completed the March 2025 Offering, which resulted in the issuance and sale by the Company of 3,505,364 shares of common stock at an offering price of \$0.68 per share and 832,639 shares of common stock at an offering price of \$0.72 per share, generating gross proceeds of \$3.0 million, of which the Company received total net proceeds of \$2.9 million, after deducting underwriting discounts and other offering costs. The Company issued and sold shares of its common stock to certain investors and members of the Company's Board.

The Company leases office from entities affiliated with certain of its employees. Rent expense was \$0.03 million and \$0.09 million, for the three and nine months ended September 30, 2025, respectively, and \$0.1 million and \$0.3 million for the three and nine months ended September 30, 2024, respectively.

The Company received marketing services from entities affiliated with certain of its employees. Marketing expense was \$0.03 million and \$0.2 million for the three and nine months ended September 30, 2025, respectively, and \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2024, respectively.

Note 14. Net Loss per Share Attributable to Common Stock

Basic loss per share of common stock is computed by dividing net loss attributable to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per share is calculated by adjusting the weighted-average number of shares outstanding for the dilutive effect of common stock equivalents

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outstanding for the period, determined using the treasury-stock method. Diluted loss per share excludes, when applicable, the potential impact of stock options, unvested shares of restricted stock awards, and common stock warrants because their effect would be anti-dilutive due to net loss.

The calculation of basic and diluted net loss per share attributable to common stock was as follows (amounts in thousands except share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net loss attributable to common stock—basic and diluted	\$ (4,357)	\$ (8,121)	\$ (13,594)	\$ (15,342)
Denominator:				
Weighted-average basic and diluted shares outstanding	29,569,936	20,429,791	26,844,457	19,792,773
Net loss per share attributable to common stock—basic and diluted	\$ (0.15)	\$ (0.40)	\$ (0.51)	\$ (0.78)

The following outstanding shares of common stock equivalents were excluded from the computation of the diluted net loss per share attributable to common stock for the periods presented because their effect would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Stock options	147,707	147,707	147,707	147,707
Non-vested restricted stock awards	138,408	826,315	138,408	826,315
Non-vested restricted stock units	2,270,600	2,777,715	2,270,600	2,777,715
Common stock warrants	240,100	240,100	240,100	240,100
Convertible debt	1,176,471	1,759,804	1,176,471	1,759,804

Note 15. Income Taxes

In determining the quarterly provision for income taxes, the Company used the annual effective tax rate applied to year-to-date income. The Company's annual estimated effective tax rate differs from the statutory rate primarily as a result of state taxes, permanent differences, and changes in the Company's valuation allowance. The income tax effects of unusual or infrequent items including a change in the valuation allowance as a result of a change in judgment regarding the realizability of deferred tax assets are excluded from the estimated annual effective tax rate and are required to be discretely recognized in the interim period they occur.

The Company has historically maintained a valuation allowance against deferred tax assets and reported only minimal current state tax expense. For each of the three and nine months ended September 30, 2025 the Company recorded income tax expense of approximately \$0.02 million and \$0.10 million, respectively, and \$0.02 million and \$0.03 million for the three and nine months ended September 30, 2024, respectively. The Company expects to maintain a valuation allowance on current year remaining net deferred tax assets by year-end due to historical operating losses, but records a net deferred tax liability when reversals of deferred tax liabilities that relate to indefinite-live intangible assets may not be used in realizing deferred tax assets.

The Company applies the standards on uncertainty in income taxes contained in ASC Topic 740, Accounting for Income Taxes. The application of this interpretation did not have any impact on the Company's consolidated financial statements, as the Company did not have any significant unrecognized tax benefits during the nine months ended September 30, 2025 or the year ended December 31, 2024. Due to the Company's carryforward of net operating losses, the statute of limitations remains open subsequent to and including the year ended December 31, 2015.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was signed into law. The OBBBA introduced multiple U.S. federal income tax changes such as deductibility of domestic research and development expenses,

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deductibility on certain property additions and limitations on interest expense deduction. The Company has assessed the legislation and the impact of these provisions on our consolidated financial statements. The legislation does not have a material impact on the Company's consolidated financial statements.

Note 16. Segment Reporting

The Company's Chief Executive Officer (CEO) is its Chief Operating Decision Maker ("CODM"), who is responsible for evaluating the performance of the Company's operating segments and allocating resources. The Company identifies an operating segment as a component: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) that has available discrete financial information; and (iii) whose operating results are regularly reviewed by the CODM. The Company does not conduct business outside of the United States and no single customer accounts for more than 10% of total revenue in any reporting period.

Our CODM makes operating decisions and assesses performance based on the services of identified operating segments and has identified three operating and reportable segments: Real Estate Brokerage; Mortgage; and Technology. Through its Real Estate Brokerage segment, the Company provides real estate brokerage services. Through its Mortgage segment, the Company provides residential loan origination and underwriting services. Through its Technology segment, the Company provides SaaS solutions and data mining for third party customers and continues to develop its intelliAgent platform for current use by the Company's real estate agents.

The CODM reviews revenue and Adjusted EBITDA to evaluate financial performance of the reportable segments and to allocate resources. Adjusted EBITDA represents the revenues of the operating segment less operating expenses directly attributable to the respective operating segment. Adjusted EBITDA is defined by us as net income (loss), excluding other income and expense, costs related to acquisitions, income taxes, depreciation and amortization, and share-based compensation expense. In particular, the Company believes the exclusion of non-cash share-based compensation expense related to restricted stock awards and stock options and transaction-related costs provides a useful supplemental measure in evaluating the performance of our operations and provides better transparency into our results of operations. The Company's presentation of Adjusted EBITDA might not be comparable to similar measures used by other companies.

The Company has determined that the main expenses regularly reviewed by the CODM in assessing segment performance are:

- Compensation Expense – Includes salaries and wages for personnel across the Real Estate Brokerage, Mortgage, Technology, and Corporate and Other Services functions.
- Commission Expense – Includes commissions and related agent payments incurred in connection with revenue-generating transactions, across the Real Estate Brokerage, Mortgage, Technology, and Corporate and Other Services functions.

These expenses are presented within the segment disclosures below as they represent the most significant cost drivers impacting the Company's operating segments and are used by management in evaluating performance, allocating resources, and assessing operating efficiency.

The Company has updated its segment reporting to include compensation and commission expenses as separate line items for each reportable segment beginning in fiscal year 2024. Prior-period segment disclosures have been reclassified to conform to the current period presentation.

The Company does not allocate assets to its operating segments as they are not included in the review performed by the CODM for purposes of assessing segment performance and allocating resources. The balance sheet is managed on a consolidated basis and is not used in the context of segment reporting.

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Key operating data for the reportable segments for the three and nine months ended September 30, 2025 and 2024 are set forth in the tables below (amounts in thousands):

	Three Months Ended September 30, 2025			
	Real Estate Brokerage	Mortgage	Technology	Total
Revenue	\$ 109,213	\$ 3,472	\$ 829	\$ 113,514
Intersegment revenue	—	—	419	419
Total segment revenue	109,213	3,472	1,248	113,933
Corporate and other services (a)				1,830
Elimination of intersegment revenue				(450)
Total revenue				115,313
Less:				
Commissions	104,594	946	—	105,540
Compensation	1,432	1,027	381	2,840
Other segment expenses	1,626	1,338	379	3,343
Adjusted EBITDA by segment	1,561	161	488	2,210
Corporate and other services (a) expenses				(2,203)
Total adjusted EBITDA				6
Stock based compensation				(562)
Litigation contingency				(2,000)
Depreciation and amortization				(1,483)
Other income (expense), net				(294)
Loss before income tax			\$	(4,333)

	Three Months Ended September 30, 2024			
	Real Estate Brokerage	Mortgage	Technology	Total
Revenue	\$ 78,563	\$ 2,931	\$ 785	\$ 82,279
Intersegment revenue	—	—	353	353
Total segment revenue	78,563	2,931	1,138	82,632
Corporate and other services (a)				1,454
Elimination of intersegment revenue				(353)
Total revenue				83,733
Less:				
Commissions	74,604	955	—	75,559
Compensation	999	1,102	476	2,577
Other segment expenses	2,142	1,193	510	3,845
Adjusted EBITDA by segment	817	(319)	152	650
Corporate and other services (a) expenses				(2,095)
Total adjusted EBITDA				(1,445)
Gain on sale of business				—
Stock based compensation				(1,967)
Litigation contingency				(3,099)
Depreciation and amortization				(1,251)
Other expense (income), net				(342)
Loss before income tax			\$	(8,104)

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	Nine Months Ended September 30, 2025			
	Real Estate Brokerage	Mortgage	Technology	Total
Revenue	\$ 314,067	\$ 9,391	\$ 2,109	\$ 325,567
Intersegment revenue	—	—	1,257	1,257
Total segment revenue	314,067	9,391	3,366	326,824
Corporate and other services (a)				4,399
Elimination of intersegment revenue				(1,352)
Total revenue				329,871
Less:				
Commissions	300,339	2,633	—	302,972
Compensation	4,282	3,123	1,221	8,626
Other segment expenses	4,199	3,938	1,394	9,531
Adjusted EBITDA by segment	5,247	(303)	751	5,695
Corporate and other services (a) expenses				(7,132)
Total adjusted EBITDA				(1,437)
Gain on sale of business				—
Stock based compensation				(3,013)
Litigation contingency				(2,011)
Depreciation and amortization				(4,380)
Other income (expense), net				(2,651)
Other non-cash items and transaction costs				—
Loss before income tax			\$	(13,492)

	Nine Months Ended September 30, 2024			
	Real Estate Brokerage	Mortgage	Technology	Total
Revenue	\$ 227,073	\$ 8,877	\$ 2,302	\$ 238,252
Intersegment revenue	—	—	1,058	1,058
Total segment revenue	227,073	8,877	3,360	239,310
Corporate and other services (a)				5,191
Elimination of intersegment revenue				(1,058)
Total revenue				243,443
Less:				
Commissions	215,585	2,718	9	218,312
Compensation	2,941	3,233	1,480	7,654
Other segment expenses	5,338	3,750	1,525	10,613
Adjusted EBITDA by segment	3,209	(824)	345	2,730
Corporate and other services (a) expenses				(5,507)
Total adjusted EBITDA				(2,777)
Gain on sale of business				2,958
Stock based compensation				(7,118)
Litigation contingency				(3,437)
Depreciation and amortization				(4,050)
Other expense (income), net				(890)
Other non-cash items and transaction costs				—
Loss before income tax			\$	(15,314)

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(a) Transactions between segments are eliminated in consolidation. Such amounts are eliminated through the Corporate and other services line.

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Note 17. Sale of Business

On May 3, 2024, the Company completed the sale of its Dagley Insurance Agency operations (the "Disposal Group"), which was included in the Company's Corporate and Other Services segment, back to the former owner. The aggregate selling price was \$15.0 million, excluding closing adjustments, of which approximately (i) \$7.4 million, net of closing adjustments, was received by the Company in cash at closing, (ii) \$1.0 million in cash was received in February 2025 and \$3.0 million was received in April 2025, and (iii) \$3.0 million will be received in cash on the second anniversary of the closing date. The total gain on the transaction was approximately \$3.0 million, which is recorded in the Gain on sale of business in the consolidated statements of earnings.

The Disposal Group did not meet the requirements to be classified as discontinued operations as the sale did not materially affect the Company's operations and did not represent a strategic shift for the Company. Our consolidated earnings from operations for the first four months of 2024 included net loss of \$0.3 million from Dagley Insurance Agency.

The major classes of divested assets and liabilities were as follows (in thousands):

	As of May 3, 2024
Assets divested	
Cash and cash equivalents	\$ 396
Restricted cash	1
Accounts receivable, net	91
Property and equipment, net	114
Lease right of use assets	333
Intangible assets, net	5,107
Goodwill	6,393
Other assets	68
Total assets divested	12,503
Liabilities divested	
Accounts payable	172
Accrued and other current liabilities	125
Lease liability	333
Total liabilities divested	630
Disposal group, net	\$ 11,873

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Note 18. Commitments and Contingencies

Legal Proceedings

In September 2024, Fathom Realty, a wholly owned subsidiary of Fathom Holdings Inc. (the Company) reached a nationwide settlement related to claims asserted in *Burnett v. The National Association of Realtors, et al.* As part of the settlement, Fathom Realty will pay \$500,000 into a settlement fund within five days after the settlement is formally approved by the court, \$500,000 on October 1, 2025, and \$1.95 million on or before October 1, 2026. The Company has included \$1.0 million in accrued and other current liabilities and \$1.95 million in other long-term liabilities in its balance sheet as of September 30, 2025. Fathom Realty has also agreed to adhere to the rule changes put forth by the NAR.

As previously reported in a Current Report on Form 8-K filed on November 28, 2023, the Company has been named as a defendant in a purported class action complaint in the United States District Court for the Eastern District of Texas Sherman Division, filed on November 13, 2023, by plaintiffs QJ Team, LLC and Five Points Holdings, LLC, individually and on behalf of all other persons similarly situated. A second purported class action complaint was filed on December 14, 2023, by plaintiffs Julie Martin, Mark Adams and Adelaida Matta in the same court, naming the Company as a defendant along with others, many of whom are also named in the first lawsuit. These lawsuits are purportedly brought on behalf of a class consisting of all persons who listed properties on a Multiple Listing Service in Texas (the "MLS") using a listing agent or broker affiliated with one of the defendants named in the lawsuits and paid a buyer broker commission beginning on November 13, 2019. The lawsuits allege unlawful conspiracy in violation of federal antitrust law and, against certain defendants (but not the Company) deceptive trade practices under the Texas Deceptive Trade Practices Act. The Company opted into a settlement between a nationwide plaintiff class and the NAR by executing a Supplemental Settlement Agreement in June 2024 (the "NAR Settlement"). On November 26, 2024, the court approved the NAR Settlement over objections. The final approval order is currently being appealed, and the Company is actively monitoring. If the NAR Settlement is sustained on appeal, it is expected to resolve claims against the Company related to this matter.

A third purported class action complaint was filed on April 11, 2024, by plaintiffs Shauntell Burton, Benny D. Cheatham, Robert Douglass, Douglas Fender, and Dana Fender in the United States District Court for the District of South Carolina. Like the Texas lawsuits, the South Carolina lawsuit alleges unlawful conspiracy in violation of federal antitrust law and is purportedly brought on behalf of a class consisting of all persons who used a listing broker in the sale of a home listed on an MLS in the District of South Carolina beginning on November 6, 2019. The case is currently stayed pending the final approval of the settlement between a nationwide plaintiff class and the NAR. As discussed above, the Company opted into a settlement between a nationwide plaintiff class and the NAR by executing a Supplemental Settlement Agreement in June 2024, which the Court approved over objections on November 26, 2024. The final approval order is currently being appealed, and the Company is actively monitoring. If the NAR Settlement is sustained on appeal it is expected to resolve claims against the Company related to this matter.

A fourth purported class action was filed on September 26, 2024, on behalf of buyers of residential property nationwide, and with an Illinois-specific sub-class, against Fathom Realty, LLC and other real estate brokers. In the complaint, the Plaintiffs allege that Defendants conspired to raise buyer broker commissions in violation of Section 1 of the Sherman Act, the Illinois Antitrust Act, and the Illinois Consumer Fraud and Deceptive Business Practices Act. On December 16, 2024, the Company filed a Motion to Dismiss for Failure to State a Claim, and the plaintiffs filed an amended complaint in January 2025. The Company intends to vigorously defend the action.

My Home Group, which the Company acquired on November 1, 2024, is a defendant in an active lawsuit in the United States District Court for the District of Arizona, filed in January 2024. In September 2025, the plaintiff filed for preliminary approval of a settlement agreement. The Company estimates the total cost of the settlement to be approximately \$1.0 million. The Company has included \$0.5 million in accrued and other current liabilities and \$0.5 million in other long-term liabilities in its balance sheet as of September 30, 2025.

Fathom Realty, LLC is a defendant in an active lawsuit filed in August 2024 in the United States District Court for the Southern District of Florida. In September 2025, the court granted preliminary approval of a settlement agreement. The Company estimates the total cost of the settlement to be approximately \$1.0 million. The Company has included \$1.0 million in accrued and other current liabilities in its balance sheet as of September 30, 2025.

Other than the NAR settlement, the My Home Group settlement (filed in the United States District Court for the District of Arizona) and the Fathom Realty LLC settlement (filed in the United District Court for the Southern District of

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Florida) above, we cannot predict with certainty the cost of our defense, the cost of prosecution, insurance coverage, or the ultimate outcome of the lawsuits and any others that might be filed in the future, including remedies or damage awards. Adverse results in such litigation might harm our business and financial condition. Moreover, defending these lawsuits, regardless of their merits, could entail substantial expense and require the time and attention of our key management personnel.

Assets in Escrow

In conducting its operations, the Company routinely holds customers' assets in escrow, pending completion of real estate transactions, and is responsible for the proper disposition of these balances for its customers. Certain of these amounts are maintained in segregated bank accounts and have not been included in the accompanying consolidated balance sheets, consistent with GAAP and industry practice. The balance amounted to \$5.1 million and \$1.9 million at September 30, 2025 and December 31, 2024, respectively.

Encompass Net Worth Requirements

To maintain approval from the U.S. Department of Housing and Urban Development to operate as a Title II non-supervised mortgagee, our indirect subsidiary Encompass is required to have adjusted net worth of \$1.0 million as of each December 31 and must maintain liquid assets (cash, cash equivalents, or readily convertible instruments) of at least \$0.2 million. As of December 31, 2024, Encompass had adjusted net worth of approximately \$2.3 million and liquid assets of \$2.3 million.

Commitments to Extend Credit

Encompass enters into IRLCs with borrowers who have applied for residential mortgage loans and have met certain credit and underwriting criteria. These commitments expose Encompass to market risk if interest rates change and the underlying loan is not economically hedged or committed to a purchaser. Encompass is also exposed to credit loss if the loan is originated and not sold to a purchaser and the mortgagor does not perform. The collateral upon extension of credit is typically a first deed of trust in the mortgagor's residential property. Commitments to originate loans do not necessarily reflect future cash requirements as commitments are expected to expire without being drawn upon.

Regulatory Commitments

Encompass is subject to periodic audits and examinations, both formal and informal in nature, from various federal and state agencies, including those made as part of the regulatory oversight of mortgage origination, servicing and financing activities. Such audits and examinations could result in additional actions, penalties or fines by state or federal government bodies, regulators or the courts.

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Note 19. Subsequent Events

The Company has evaluated subsequent events through the date these financial statements were issued and has determined that there were no events or transactions occurring during this period that would require recognition or disclosure in the condensed consolidated financial statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Company's consolidated operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the risk factors described in our most recent Annual Report on Form 10-K, as amended (the "Form 10-K") and in our Quarterly Report on Form 10-Q for the period ended March 31, 2025 (the "Form 10-Q"), and the risk factors described in this quarterly report. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, consolidated financial condition, liquidity, operating results, and common stock prices. Furthermore, this quarterly report, the Form 10-K and the Form 10-Q and other documents filed by the Company with the Securities and Exchange Commission ("SEC") contain certain forward-looking statements under the Private Securities Litigation Reform Act of 1995 ("Forward-Looking Statements") with respect to the business of the Company. Forward-Looking Statements are necessarily subject to risks and uncertainties, many of which are outside our control, that could cause actual results to differ materially from these statements. Forward-Looking Statements can be identified by such words as "anticipate," "believe," "goals," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "forecast" and similar references to future periods. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives and inflation are Forward-Looking Statements. These Forward-Looking Statements are subject to certain risks and uncertainties, including those detailed in the Form 10-K and in the risk factors described in this quarterly report, which could cause actual results to differ materially from these Forward-Looking Statements. Except as required by law, the Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Any Forward-Looking Statement made by the Company is based only on information currently available to us and speaks only as of the date on which it is made.

The terms the "Company," "Fathom," "we," "us," and "our" as used in this report refer to Fathom Holdings Inc. and its consolidated subsidiaries unless otherwise specified.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Company's consolidated financial statements and the related notes set forth in Item 1 of Part I of this Quarterly Report on Form 10-Q, our MD&A set forth in the Form 10-K, and our audited consolidated financial statements and related notes set forth in the Form 10-K. See Part II, Item 1A, "Risk Factors," below, and "Special Note Regarding Forward-Looking Information," above, and the information referenced therein, for a description of risks that we face and important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. All statements herein regarding potential risks constitute forward-looking statements. When we cross-reference to a "Note," we are referring to our "Notes to Unaudited Condensed Consolidated Financial Statements," unless the context indicates otherwise. All amounts noted within the tables are in thousands except per share amounts or where otherwise noted and percentages are approximate due to rounding.

Overview

Fathom Holdings Inc. (the "Company", "Our", "We"), headquartered in Cary, North Carolina, is a national, technology-driven, end-to-end real estate services company integrating residential brokerage, mortgage, title, and software-as-a-service ("SaaS") offerings for brokerages and agents. The Company's brands include Fathom Realty, Encompass Lending, IntelliAgent, LiveBy, Real Results, Verus Title and Cornerstone. Our primary operation, Fathom Realty (as defined below), operates as a real estate brokerage company, working with real estate agents to help individuals purchase and sell residential and commercial properties, primarily in the South, Atlantic, Southwest, and Western parts of the United States, with the intention of expanding into all states.

Fathom Realty Holdings, LLC, a Texas limited liability company ("Fathom Realty"), is a wholly-owned subsidiary of Fathom Holdings Inc. Fathom Realty owns 100% of 43 subsidiaries, each an LLC representing the state in which the entity operates (e.g. Fathom Realty NJ, LLC).

Corporate Developments During 2025

On March 10, 2025, the Company issued and sold shares of its common stock to certain investors and members of the Company's Board in a registered direct offering (the "March 2025 Offering"). The cash proceeds to the Company from the issuance of the shares of common stock in the March 2025 Offering were \$2.9 million after deducting the offering expenses.

During the quarter ended March 31, 2025, the Company launched "Elevate," a concierge-level service program designed to significantly enhance agent productivity and improve transaction efficiency. Elevate provides participating agents with dedicated lead generation support, transaction management, personalized coaching, comprehensive marketing packages, recruiting assistance, and priority customer service. This initiative is expected to increase agent retention, improve profitability per transaction, and bolster our overall market competitiveness.

On September 22, 2025, the Company issued and sold shares of its common stock in a public offering (the "September 2025 Offering"). The cash proceeds to the Company from the issuance of the shares of common stock in the offering were \$6.5 million after deducting the offering expenses.

Rising Interest Rates and Other Risks

Our business is dependent on the economic conditions within the markets in which we operate. Changes in these conditions can have a positive or negative impact on our business. The economic conditions influencing the housing markets primarily include economic growth, interest rates, unemployment, consumer confidence, mortgage availability, and supply and demand.

In periods of economic growth, demand typically increases resulting in increasing home sales transactions and home sales prices. Similarly, a decline in economic growth, uncertainty surrounding interest rates and declining consumer confidence generally decreases demand. These are the trends we have been facing. Additionally, industry litigation, and regulations imposed by local, state, and federal government agencies can also negatively impact the housing markets in which we operate. Finally, national and global events, including geopolitical instability, can impact economic conditions and financial markets, including interest rates, which can adversely impact the housing market.

On October 31, 2023, a federal jury in Missouri found that the National Association of Realtors (the "NAR") and certain companies conspired to artificially inflate brokerage commissions, which violates federal antitrust law. The judgment was appealed on October 31, 2023, while the plaintiffs have now sued a number of other companies, including us. See Part II, Item I below. On or about March 15, 2024, NAR agreed to settle these lawsuits, by agreeing to pay \$418 million over approximately four years, and changing certain of its rules surrounding agent commissions. In accordance with the terms of the settlement, effective August 17, 2024, NAR put in place a new rule prohibiting offers of compensation on the MLS and adopted new rules requiring written agreements between buyers and buyers' agents. However, the direct and indirect effects, if any, of the litigation upon the real estate industry are not yet entirely clear.

There could also be further changes in real estate industry practices. All of this has prompted discussion of changes to rules established by local or state real estate boards or multiple listing services. All of this may require changes to many brokers' business models, including changes in agent and broker compensation. For example, many of our competitors may need to develop mechanisms and a plan that enable buyers and sellers to negotiate commissions. In contrast, our flat fee per real estate transaction model has always enabled our agents to negotiate their own fees. Our flat fee allows our agents greater ability to negotiate commissions, and we have no direct incentive to interfere with their doing so. Our flat fee per real estate transaction model enables our agents to freely settle their transaction commissions at their own discretion, and our revenue share models enable our agents to freely settle their transaction commissions at their own discretion. The Company will continue to monitor ongoing and similar antitrust litigation against our competitors, however, as our agent compensation model fully supports commission negotiation, we do not expect to have to change our compensation model in a manner that would adversely affect our financial condition and results of operations. However, the litigation and its ramifications could cause unforeseen turmoil in our industry, the impacts of which could have a negative effect on us as an industry participant.

We believe that our strategic recruiting and acquisition strategy supported by our new competitive revenue share program have positioned our businesses for profitable growth in the future.

Real Estate Agents

Due to our low-overhead business model, which leverages our proprietary technology, we can offer our agents the ability to keep significantly more of their commissions compared to traditional real estate brokerage firms. We believe we offer our agents some of the best technology, training, and support available in the industry. We believe our business model and our focus on treating our agents well will attract more agents and higher-producing agents.

As of September 30, 2025 and September 30, 2024, we had approximately 15,371 and 12,383 agent licenses, respectively, representing growth of approximately 24.1%.

Reportable Segments

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer (CEO), who is responsible for evaluating the performance of the Company's operating segments and allocating resources. The Company identifies an operating segment as a component: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) that has available discrete financial information; and (iii) whose operating results are regularly reviewed by the CODM. The Company does not conduct business outside of the United States and no single customer accounts for more than 10% of total revenue in any reporting period.

Our CODM makes operating decisions and assesses performance based on the services of identified operating segments and has identified three operating and reportable segments: (i) Real Estate Brokerage; (ii) Mortgage; and (iii) Technology. Through its Real Estate Brokerage segment, the Company provides real estate brokerage services. Through its Mortgage segment, the Company provides residential loan origination and underwriting services. Through its Technology segment, the Company provides SaaS solutions and data mining for third party customers and continues to develop its intelliAgent platform for current use by the Company's real estate agents.

The CODM reviews revenue and Adjusted EBITDA to evaluate financial performance of the reportable segments and to allocate resources. Adjusted EBITDA represents the revenues of the operating segment less operating expenses directly attributable to the respective operating segment. Adjusted EBITDA is defined by us as net income (loss), excluding other income and expense, costs related to acquisitions, income taxes, depreciation and amortization, and share-based compensation expense. In particular, the Company believes excluding of non-cash share-based compensation expense related to restricted stock awards and stock options and transaction-related costs provides a useful supplemental measure to

evaluate the performance of our operations and provides better transparency into our results of operations. The Company's presentation of Adjusted EBITDA might not be comparable to similar measures used by other companies.

The Company has determined that the main expenses regularly reviewed by the CODM in assessing segment performance are:

- Compensation Expense – Includes salaries and wages for personnel across the Real Estate Brokerage, Mortgage, Technology, and Corporate and Other Services functions.
- Commission Expense – Includes commissions and related agent payments incurred in connection with revenue-generating transactions, across the Real Estate Brokerage, Mortgage, Technology, and Corporate and Other Services functions.

These expenses are presented within the segment disclosures below as they represent the most significant cost drivers impacting the Company's operating segments and are used by management to evaluate performance, allocate resources, and assess operating efficiency.

The Company does not allocate assets to its operating segments as they are not included in the review performed by the CODM for purposes of assessing segment performance and allocating resources. The balance sheet is managed on a consolidated basis and is not used in the context of segment reporting. See "NON-GAAP FINANCIAL MEASURE" below for more information.

Components of Our Results of Operations

Revenue

Our revenue primarily consists of commissions generated from real estate brokerage services. We also have other service revenue, including mortgage lending, title insurance, and SaaS revenues.

Gross commission income

We recognize commission-based revenue on the closing of a transaction, less the amount of any closing-cost reductions. Revenue is affected by the number of real estate transactions we close, the mix of transactions, home sale prices, and commission rates.

Other Services Revenue

Mortgage Lending Revenue

We recognize revenue streams for our mortgage lending services business which are primarily comprised of loans sold, origination and other fees.

The gain on sale of mortgage loans represents the difference between the net sales proceeds and the carrying value of the mortgage loans sold and includes the servicing rights release premiums.

Servicing rights release premiums represent one-time fee revenues earned for transferring the risk and rewards of ownership of servicing rights to third parties.

Retail origination fees are principally revenues earned from loan originations and recorded in the statement of operations in other service revenue. Direct loan origination costs and expenses associated with the loans are charged to expenses when the loans are sold. Interest income is interest earned on originated loans prior to the sale of the asset.

Insurance Agency Service Revenues

The revenue streams for the Company's home and other insurance agency services business were primarily comprised of new and renewal commissions paid by insurance carriers. The transaction price was determined based on the estimated commissions to be received over the term of the policy, which were based on estimates of premiums placed, policy

changes, and cancellations, net of constraints. Commissions were earned upon the effective date of the associated policies, which was the point at which control of the policy transferred to the client.

The Company was also eligible for certain contingent commissions from insurers based on the attainment of specific metrics related to the underlying policies placed, such as volume growth and loss ratios. Revenue for contingent commissions was estimated based on historical and current evidence of achievement toward each insurer's respective annual metrics and was recognized as the underlying policies contributing to those achievements were placed. Due to the uncertainty in the amount of contingent consideration, the Company constrained estimated revenue to an amount for which a significant negative adjustment was not probable. Contingent consideration was generally received in the first quarter of the subsequent year.

The Company sold its home and other insurance agency services business on May 3, 2024.

Title Service Revenues

Title services revenue includes fees charged for title search and examination, property settlement and title insurance services provided in association with property acquisitions and refinance transactions.

SaaS Revenues

The Company generates revenue from subscription and services related to the use of the LiveBy platform. The SaaS contracts are generally annual contracts paid monthly in advance of service and cancellable upon 30 days' notice after the first year. The Company's subscription arrangements do not provide customers with the right to take possession of the software supporting the platform. Subscription revenue, which includes support, is recognized on a straight-line basis over the non-cancellable contractual term of the arrangement, generally beginning on the date that the Company's service is made available to the customer and is recorded as other service revenue in the statement of operations.

Operating Expenses

Commission and service costs

Commission and service costs consists primarily of agent commissions, less fees paid by the Company to agents, order fulfillment, share-based compensation for agents, title searches, and direct cost to fulfill the services provided for our brokerage, mortgage lending, title service, insurance services and other services provided.

Technology and development

Technology and development expenses primarily include personnel costs, related to ongoing development and maintenance of proprietary software for use by our own agents, customers, and support staff. Such personnel costs including base pay, bonuses, benefits, and share based compensation. Technology and development expenses also include amortization of capitalized software and development costs, data licenses, other software, and equipment costs, as well as infrastructure and operational expenses, such as, for data centers, communication, and hosted services.

General and administrative

General and administrative expenses consist primarily of fees for professional services and personnel costs, including base pay, bonuses, benefits, and share based compensation. Professional services principally consist of external legal, audit, and tax services. In the short term, we expect general and administrative expenses to increase in absolute dollars due to the anticipated growth of our business and to meet the increased compliance requirements associated with operation as a public company. However, in the long term, we anticipate general and administrative expenses as a percentage of revenue to decrease over time, if and when revenue increases.

Marketing

Marketing expenses consist primarily of online and traditional advertising, as well as costs for marketing and promotional materials. Advertising costs are expensed as they are incurred. We expect marketing expenses to increase in absolute dollars as we continue to expand our advertising programs, and promote our newly acquired business lines, but we anticipate marketing expenses as a percentage of revenue to decrease over time, if and when revenue increases.

Litigation contingency

Litigation contingency expenses consist primarily of litigation costs related to the settlement related to claims asserted in Burnett v. The National Association of Realtors., et al.

Depreciation and amortization

Depreciation and amortization represent how we expense our fixed and intangible assets other than capitalized software. Depreciation expense is recorded on a straight-line method, based on estimated useful lives of five years for computer hardware, seven years for furniture and equipment and seven years for vehicles. Leasehold improvements are depreciated over the lesser of the life of the lease term or the useful life of the improvements. Amortization expense consists of amortization recorded on acquisition-related intangible assets, excluding purchased software. Customer relationships are amortized on an accelerated basis, which coincides with the period of economic benefit we expect to receive. All other finite-lived intangibles are amortized on a straight-line basis over the term of the expected benefit. Purchased software and capitalized software development costs are amortized on a straight-line basis over the term of the expected benefit and the respective amortization expense is included in technology and development expense. In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), we do not amortize goodwill.

Income Taxes

Income tax expense primarily consists of deferred tax liabilities in excess of the Company's deferred tax assets and also includes current state income tax expense not offset by state net operating loss carryforwards.

Results of Operations

Comparison of the Three Months Ended September 30, 2025 and 2024 (dollar amounts in thousands)

Revenue

	Three Months Ended September 30,		Change	
	2025	2024	Dollars	Percentage
Gross commission income	\$ 109,213	\$ 78,563	\$ 30,650	39.0 %
Other service revenue	6,100	5,170	930	18.0 %
Revenue	\$ 115,313	\$ 83,733	\$ 31,580	37.7 %

For the three months ended September 30, 2025, gross commission income increased by approximately \$30.7 million, or 39.0%, as compared with the three months ended September 30, 2024. This increase was primarily attributable to a 23.0% increase in transaction volume, with 11,479 real estate transactions during the three months ended September 30, 2025, compared to 9,331 transactions during the three months ended September 30, 2024. Our transaction volume increased primarily due to the addition of My Home Group in November 2024. During the three months ended September 30, 2025, average revenue per transaction was \$9,514, a 13.0% increase compared to \$8,420 during the three months ended September 30, 2024, primarily attributable to a higher transaction value at My Home Group.

For the three months ended September 30, 2025, other service revenue increased by approximately \$0.9 million, or 18.0%, as compared with the three months ended September 30, 2024. This increase is primarily attributable to an increase in title service transaction volume, which was primarily attributable to organic growth and walkovers.

Operating Expenses

	Three Months Ended September 30,		Change	
	2025	2024	Dollars	Percentage
Commission and service costs	\$ 105,743	\$ 76,822	\$ 28,921	37.6 %
General and administrative	8,261	8,066	195	2.4 %
Marketing	979	1,361	(382)	(28.1)%
Technology and development	1,818	1,702	116	6.8 %
Litigation contingency	2,000	3,099	(1,099)	(35.5)%
Depreciation and amortization	550	444	106	23.8 %
Total operating expenses	\$ 119,351	\$ 91,494	\$ 27,857	30.4 %

For the three months ended September 30, 2025, commission and service costs increased by approximately \$28.9 million, or 37.6%, as compared with the three months ended September 30, 2024. Commission and service costs primarily includes costs related to agent commissions, net of fees paid to us by our agents. These costs generally correlate with recognized revenues. As such, the increase in commission and service costs compared to the same period in 2024 was primarily attributable to an increase in agent commissions.

For the three months ended September 30, 2025, general and administrative expenses increased by approximately \$0.2 million, or 2.4%, as compared with the three months ended September 30, 2024. The increase was primarily due to an increase in compensation expense related to the Company's investment in growth.

For the three months ended September 30, 2025, total marketing expenses decreased by approximately \$0.4 million, or 28.1%, as compared with the three months ended September 30, 2024. The decrease was primarily due to lower marketing personnel costs following organizational efficiency initiatives.

For the three months ended September 30, 2025, total technology and development expenses increased by approximately \$0.1 million, or 6.8%, as compared with the three months ended September 30, 2024. The increase was primarily due to our ongoing investment in the IntelliAgent platform and our LiveBy business.

For the three months ended September 30, 2025, total litigation contingency expenses decreased by approximately \$1.1 million, or 35.5%, as compared with the three months ended September 30, 2024. The decrease was due to fewer legal settlement fees being incurred in the current year, compared to the substantial legal costs associated with the NAR settlement and related activities incurred during 2024.

For the three months ended September 30, 2025, depreciation and amortization expenses increased by approximately \$0.1 million, or 23.8%, as compared with the three months ended September 30, 2024. The increase was mainly due to capitalized software development cost placed into service.

Income Taxes

The Company recorded income tax (benefit) expense of approximately \$0.02 million for each of the three months ended September 30, 2025 and 2024. This tax expense is primarily the result of current state income tax liabilities and deferred tax expense related to deferred tax liabilities that cannot be fully offset by deferred tax assets.

Comparison of the Nine Months Ended September 30, 2025 and 2024 (dollar amounts in thousands)

Revenue

	Nine Months Ended September 30,		Change	
	2025	2024	Dollars	Percentage
Gross commission income	\$ 314,067	\$ 227,073	\$ 86,994	38.3 %
Other service revenue	15,804	16,370	(566)	(3.5)%
Total revenue	<u>\$ 329,871</u>	<u>\$ 243,443</u>	<u>\$ 86,428</u>	<u>35.5 %</u>

For the nine months ended September 30, 2025, gross commission income increased by approximately \$87.0 million, or 38.3%, as compared with the nine months ended September 30, 2024. This increase was primarily attributable to a 24.8% increase in transaction volume; 33,904 real estate transactions during the nine months ended September 30, 2025, compared to 27,171 transactions during the nine months ended September 30, 2024. Our transaction volume increased primarily due to the addition of My Home Group in November 2024. During the nine months ended September 30, 2025, average revenue per transaction was \$9,263, a 10.8% increase compared to \$8,357 during the nine months ended September 30, 2024, primarily attributable to a higher transaction value at My Home Group.

For the nine months ended September 30, 2025, other service revenue decreased by approximately \$0.6 million, or 3.5%, as compared with the nine months ended September 30, 2024. This decrease is primarily attributable to the reduction of insurance revenue as a result of the sale of our insurance business in May 2024, offset by an increase in mortgage and title service transaction volume, which were primarily attributable to organic growth and walkovers.

Operating Expenses

	Nine Months Ended September 30,		Change	
	2025	2024	Dollars	Percentage
Commission and service costs	\$ 302,815	\$ 221,531	\$ 81,284	36.7 %
General and administrative	24,881	25,393	(512)	(2.0)%
Marketing	3,753	3,898	(145)	(3.7)%
Technology and development	5,594	4,848	746	15.4 %
Litigation contingency	2,011	3,437	(1,426)	(41.5)%
Depreciation and amortization	1,658	1,718	(60)	(3.5)%
Total operating expenses	<u>\$ 340,712</u>	<u>\$ 260,825</u>	<u>\$ 79,887</u>	<u>30.6 %</u>

For the nine months ended September 30, 2025, commission and service costs increased by approximately \$81.3 million, or 36.7%, as compared with the nine months ended September 30, 2024. Commission and service costs primarily includes costs related to agent commissions, net of fees paid to us by our agents. These costs generally correlate with

recognized revenues. As such, the increase in commission and service costs compared to the same period in 2024 was primarily attributable to an increase in agent commissions.

For the nine months ended September 30, 2025, general and administrative expenses decreased by approximately \$0.5 million, or 2.0%, as compared with the nine months ended September 30, 2024. The decrease was primarily due to a \$4.1 million decrease in stock compensation expense partially offset by an increase in compensation expense related to the Company's investment in growth.

For the nine months ended September 30, 2025, total marketing expenses decreased by approximately \$0.1 million, or 3.7%, as compared with the nine months ended September 30, 2024. The decrease was primarily due to the Company's reduced reliance on external marketing agencies.

For the nine months ended September 30, 2025, total technology and development expenses increased by approximately \$0.7 million, or 15.4%, as compared with the nine months ended September 30, 2024. The increase was primarily due to our ongoing investment in the intelliAgent platform and our LiveBy business.

For the nine months ended September 30, 2025, total litigation contingency expenses decreased by approximately \$1.4 million or 41.5%, as compared with the nine months ended September 30, 2024. The decrease was due to reduced legal settlement fees being incurred in the current year, whereas the prior year included substantial legal costs associated with the NAR settlement and related activities.

For the nine months ended September 30, 2025, depreciation and amortization expenses decreased by approximately \$0.1 million, or 3.5%, as compared with the nine months ended September 30, 2024. The decrease was due to the absence of amortization related to our insurance business that we sold in May 2024.

Gain on sale of business

For the nine months ended September 30, 2025, the Company did not recognize any gain on sale of business, compared to a gain of \$3.0 million recognized during the nine months ended September 30, 2024.

Income Taxes

The Company recorded income tax expense of approximately \$0.10 million and \$0.03 million for the nine months ended September 30, 2025 and 2024, respectively. This tax expense is primarily the result of current state income tax liabilities and deferred tax expense related to deferred tax liabilities that cannot be fully offset by deferred tax assets.

Liquidity and Capital Resources (dollar amounts in thousands)

Capital Resources

	September 30, 2025	December 31, 2024	Change	
			Dollars	Percentage
Current assets	37,499	24,956	12,543	50.3 %
Current liabilities	26,639	19,381	7,258	37.4 %
Net working capital	<u>\$ 10,860</u>	<u>\$ 5,575</u>	<u>\$ 5,285</u>	<u>94.8 %</u>

To date, our principal sources of liquidity have been the net proceeds we received through public offerings and private sales of our common stock, the sale of one of our businesses, as well as proceeds from loans. As of September 30, 2025, our cash and cash equivalents (including restricted cash) totaled approximately \$9.9 million, which represented an increase of approximately \$2.5 million compared to December 31, 2024. As of September 30, 2025, we had net working capital of approximately \$10.9 million, which represented an increase of \$5.3 million compared to December 31, 2024. As noted above, in May 2024 we sold our wholly-owned subsidiary Dagley Insurance Agency for approximately \$15.0 million in cash, \$7.4 million of which we received at closing. The Company received \$4.0 million during the first nine months of 2025 related to the sale of its insurance business, which was completed in May 2024. The Company expects to receive the remaining \$3.0 million in May 2026. On April 7, 2025, the Company repaid its \$3.5 million convertible note (the "2023 Note") in full. In March 2025, the Company completed a public offering of common stock (the "March 2025 Offering"), which resulted in the issuance and sale by the Company of 3,505,364 shares of common stock at an offering price of \$0.68 per share and 832,639 shares of common stock at an offering price of \$0.72 per share, generating gross proceeds of \$3.0

million, of which the Company received total net proceeds of \$2.9 million, after deducting underwriting discounts and other offering costs. In September 2025, the Company completed a public offering of common stock (the "September 2025 Offering"), which resulted in the issuance and sale by the Company of 3,450,000 shares of common stock at an offering price of \$2.00 per share, generating gross proceeds of \$6.9 million, of which the Company received total net proceeds of \$6.5 million, after deducting underwriting discounts and other offering costs.

We anticipate that our existing balances of cash and cash equivalents and future expected cash flows generated from our operations and from the sale of our insurance business will be sufficient to satisfy our operating requirements for at least the next twelve months from the date of the issuance of these unaudited interim consolidated financial statements.

Our future capital requirements depend on many factors, including any future acquisitions, our level of investment in technology, and our rate of growth into new markets. Our capital requirements might also be affected by factors which we cannot control such as the residential real estate market, litigation, interest rates, and other monetary and fiscal policy changes, any of which could adversely affect the manner in which we currently operate. Additionally, as the impact of national and other world events, such as the crises in Ukraine and in the Middle East, on the economy and our operations evolves, we will continuously assess our liquidity needs. In the event of a sustained market deterioration, we may need or seek advantageously to obtain additional funding through equity or debt financing, which might not be available on favorable terms or at all and could hinder our business and dilute our existing shareholders.

Cash Flows

Comparison of the Nine Months Ended September 30, 2025 and 2024 (dollar amounts in thousands)

	Nine Months Ended September 30,		Change	
	2025	2024	Dollars	Percentage
Net cash (used in) operating activities	(8,633)	(4,371)	(4,262)	97.5 %
Net cash provided by investing activities	1,717	5,099	(3,382)	(66.3)%
Net cash provided by financing activities	9,444	5,157	4,287	83.1 %

Cash Flows from Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2025 consisted of a net loss of \$13.6 million, non-cash charges of \$8.5 million, including \$3.0 million of stock-based compensation expense and \$4.4 million of depreciation and amortization, partially offset by \$5.4 million in gains on the sales of mortgages. Changes in assets and liabilities were primarily driven by \$184.2 million in mortgage loan originations, partially offset by \$185.3 million in proceeds from the sales and principal payments on mortgage loans held for sale. Accounts receivables increased \$5.0 million, partially offset by a \$4.6 million increase in accounts payable, primarily due timing difference for agent payments resulting from increased transaction volume and related revenue growth.

Net cash used in operating activities for the nine months ended September 30, 2024 consisted of a net loss of \$15.3 million, a gain on sale of a business of \$2.9 million, non-cash charges of \$7.5 million, including \$7.1 million of stock-based compensation expense and \$4.0 million of depreciation and amortization, partially offset by \$5.0 million in gains on the sales of mortgages. Changes in assets and liabilities were primarily driven by \$192.2 million in mortgage loan originations; partially offset by \$196.8 million in proceeds from the sales and principal payments on mortgage loans held for sale, and a \$1.7 million increase in prepaid and other current assets as well as an aggregate increase of \$3.1 million in accounts payable and accrued other current liabilities.

Cash Flows from Investing Activities

Net cash provided by investing activities for the nine months ended September 30, 2025 primarily consisted of proceeds from the sale of Dagley Insurance Agency completed in May 2024 of \$4.0 million, partially offset by the purchases of intangible assets related to technology development of \$2.1 million.

Net cash provided by investing activities for the nine months ended September 30, 2024 primarily consisted of proceeds from the sale of Dagley Insurance Agency of \$7.8 million, partially offset by the purchases of intangible assets related to technology development of \$2.2 million.

Cash Flows from Financing Activities

Net cash provided in financing activities for the nine months ended September 30, 2025 consisted primarily of the \$9.5 million in proceeds from the issuance of common stock in connection with a public offering and the change of \$4.4 million on our warehouse lines of credit, and the repayment of a \$3.5 million convertible note.

Net cash used in financing activities for the nine months ended September 30, 2024 consisted primarily of the \$4.9 million in the net proceeds from notes.

NON-GAAP FINANCIAL MEASURE

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use Adjusted EBITDA, a non-GAAP financial measure, to understand and evaluate our core operating performance. This non-GAAP financial measure, which may be different than similarly titled measures used by other companies, is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We define the non-GAAP financial measure of Adjusted EBITDA as net income (loss), excluding other expense, income tax benefit, depreciation and amortization, stock-based compensation expense, other non-cash items and transaction costs.

We believe that Adjusted EBITDA provides useful information about our financial performance, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to a key metric used by our management for financial and operational decision-making. We believe that Adjusted EBITDA helps identify underlying trends in our business that otherwise could be masked by the effect of the expenses that we exclude in Adjusted EBITDA. In particular, we believe the exclusion of share-based compensation expense and transaction-related costs associated with our acquisition activity provides a useful supplemental measure in evaluating the performance of our operations and provides better transparency into our results of operations. Adjusted EBITDA also excludes other income and expense, net which primarily includes typically nonrecurring expense items, such as, professional fees related to investigating potential financing and acquisition opportunities, if applicable.

We are presenting the non-GAAP measure of Adjusted EBITDA to assist investors in seeing our financial performance through the eyes of management, and because we believe this measure provides an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA compared to net income (loss), the closest comparable GAAP measure. Some of these limitations are that:

- Adjusted EBITDA excludes stock-based compensation expense related to restricted stock awards, restricted stock units, and stock options, which have been, and will continue to be for the foreseeable future, significant recurring expenses in our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes transaction-related costs primarily consisting of professional fees and any other costs incurred directly related to acquisition activity, which is an ongoing part of our growth strategy and therefore likely to occur; and

- Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation and amortization of property and equipment and capitalized software costs, however, the assets being depreciated and amortized may have to be replaced in the future.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most comparable GAAP financial measure, for each of the periods presented (amount in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Loss before income tax	\$ (4,333)	\$ (8,104)	\$ (13,492)	\$ (15,314)
Gain on sale of business	-	-	-	(2,958)
Stock based compensation	562	1,967	3,013	7,118
Depreciation and amortization	1,483	1,251	4,380	4,050
Litigation contingency	2,000	3,099	2,011	3,437
Other expense, net	295	342	2,651	890
Adjusted EBITDA	\$ 6	\$ (1,445)	\$ (1,437)	\$ (2,777)

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with GAAP and the Company's discussion and analysis of its financial condition and operating results require the Company's management to make judgments, assumptions and estimates that affect the amounts reported. Our Annual Report on Form 10-K for the year ended December 31, 2024 contains a discussion of our critical accounting estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section. There have been no material changes to these estimates during the nine months ended September 30, 2025.

Recent Accounting Standards

For information on recent accounting standards, see Note 3 to our consolidated financial statements above.

JOBS Act Transition Period

In April 2012, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 (the "Securities Act") for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to not avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

Subject to certain conditions, as an emerging growth company, we may rely on certain other exemptions and reduced reporting requirements under the JOBS Act. Certain of these exemptions are, including without limitation, from the requirements of (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our IPO in 2020, (b) in which we have total annual gross revenues of at least \$1.07 billion, or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. Our status as an emerging growth company ends as of December 31, 2025.

The Company is also a smaller reporting company ("SRC") as of September 30, 2025. Under the terms of the JOBS Act, a SRC has public float of less than \$250 million or has less than \$100 million in annual revenue and no public float or

public float less than \$700 million. Being a SRC allows the Company to include less extensive narrative disclosure than required of other reporting companies, particularly concerning executive compensation. Being a SRC also only requires providing audited financial statements for two fiscal years, in contrast to non-SRCs, which must provide audited financial statements for three fiscal years.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on the evaluation of our Chief Executive Officer, who is also currently serving as our Chief Financial Officer, it was concluded that, as of September 30, 2025, our disclosure controls and procedures were effective at the reasonable assurance level in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our Chief Executive Officer, who is also currently serving as our Chief Financial Officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter.

We are in the process of implementing new accounting systems. We have updated and continue to update our processes related to internal control over financial reporting, as necessary, to accommodate applicable changes in our business processes resulting from the implementation of the new accounting systems.

There were no changes, other than described above, in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of business. Such litigation and other proceedings may include, but are not limited to, actions relating to employment law and misclassification of employees verse independent contractors, intellectual property, commercial or contractual claims, brokerage or real estate disputes, or other consumer protection statutes, ordinary-course brokerage disputes like the failure to disclose property defects, commission disputes, and various liabilities based upon conduct of individuals or entities outside of the Company's control, including agents and third-party contractor agents. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur.

In September 2024, Fathom Realty, a wholly owned subsidiary of Fathom Holdings Inc. (the Company) reached a nationwide settlement related to claims asserted in *Burnett v. The National Association of Realtors, et al.* As part of the settlement Fathom Realty will pay \$500,000 into a settlement fund within five days after the settlement is formally approved by the court, \$500,000 on or before October 1, 2025, and \$1.95 million on or before October 1, 2026. The Company has included \$1.0 million in accrued and other current liabilities and \$1.95 million in other long-term liabilities in its balance sheet as of March 31, 2025. Fathom Realty has also agreed to adhere to the rule changes put forth by the National Association of Realtors (the "NAR").

As previously reported in a Current Report on Form 8-K filed on November 28, 2023, the Company has been named as a defendant in a purported class action complaint in the United States District Court for the Eastern District of Texas Sherman Division, filed on November 13, 2023, by plaintiffs QJ Team, LLC and Five Points Holdings, LLC, individually and on behalf of all other persons similarly situated. A second purported class action complaint was filed on December 14, 2023, by plaintiffs Julie Martin, Mark Adams and Adelaida Matta in the same court, naming the Company as a defendant along with others, many of whom are also named in the first lawsuit. These lawsuits are purportedly brought on behalf of a class consisting of all persons who listed properties on a Multiple Listing Service in Texas (the "MLS") using a listing agent or broker affiliated with one of the defendants named in the lawsuits and paid a buyer broker commission beginning on November 13, 2019. The lawsuits allege unlawful conspiracy in violation of federal antitrust law and, against certain defendants (but not the Company) deceptive trade practices under the Texas Deceptive Trade Practices Act. The Company opted into a settlement between a nationwide plaintiff class and the NAR by executing a Supplemental Settlement Agreement in June 2024 (the "NAR Settlement"). On November 26, 2024, the court approved the NAR Settlement over objections. The final approval order is currently being appealed, and the Company is actively monitoring. If the NAR Settlement is sustained on appeal, it is expected to resolve claims against the Company related to this matter.

A third purported class action complaint was filed on April 11, 2024, by plaintiffs Shauntell Burton, Benny D. Cheatham, Robert Douglass, Douglas Fender, and Dana Fender in the United States District Court for the District of South Carolina. Like the Texas lawsuits, the South Carolina lawsuit alleges unlawful conspiracy in violation of federal antitrust law and is purportedly brought on behalf of a class consisting of all persons who used a listing broker in the sale of a home listed on an MLS in the District of South Carolina beginning on November 6, 2019. The case is currently stayed pending the final approval of the settlement between a nationwide plaintiff class and the NAR. As discussed above, the Company opted into a settlement between a nationwide plaintiff class and the NAR by executing a Supplemental Settlement Agreement in June 2024, which the Court approved over objections on November 26, 2024. The final approval order is currently being appealed, and the Company is actively monitoring. If the NAR Settlement is sustained on appeal it is expected to resolve claims against the Company related to this matter.

A fourth purported class action was filed on September 26, 2024, on behalf of buyers of residential property nationwide, and with an Illinois-specific sub-class, against Fathom Realty, LLC and other real estate brokers. In the complaint, the Plaintiffs allege that Defendants conspired to raise buyer broker commissions in violation of Section 1 of the Sherman Act, the Illinois Antitrust Act, and the Illinois Consumer Fraud and Deceptive Business Practices Act. On December 16, 2024, the Company filed a Motion to Dismiss for Failure to State a Claim, and the plaintiffs filed an amended complaint in January 2025. The Company intends to vigorously defend the action.

My Home Group, which the Company acquired on November 1, 2024 is a defendant in an active lawsuit in the United States District Court for the District of Arizona, filed in January 2024. In September 2025, the plaintiff filed for preliminary approval of the settlement agreement. The Company estimates the total cost of the settlement to be approximately \$1.0 million. The Company has included \$0.5 million in accrued and other current liabilities and \$0.5 million in other long-term liabilities in its balance sheet as of September 30, 2025.

Fathom Realty, LLC is a defendant in an active lawsuit filed in August 2024 in the United States District Court for the Southern District of Florida. In September 2025, the court granted preliminary approval of a settlement agreement. The Company estimates the total cost of the settlement to be approximately \$1.0 million. The Company has included \$1.0 million in accrued and other current liabilities in its balance sheet as of September 30, 2025.

Other than the NAR Settlement above, we cannot predict with certainty the cost of our defense, the cost of prosecution, insurance coverage, or the ultimate outcome of the lawsuits and any others that might be filed in the future, including remedies or damage awards. Adverse results in such litigation might harm our business and financial condition. Moreover, defending these lawsuits, regardless of their merits, could entail substantial expense and require the time and attention of management.

Item 1A. Risk Factors.

For more information regarding risk factors that could affect our results of operations, financial condition, and liquidity, see the risk factors previously disclosed in our most recent Annual Report on Form 10-K, as filed with the SEC on March 28, 2025 and amended on April 29, 2025, and in our Quarterly Report on Form 10-Q for the period ended March 31, 2025, as filed with the SEC on May 13, 2025. The risks described in our Annual Report and Quarterly Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results of operations and the trading price of our common stock. Other than the risk described in our Quarterly Report for the period ended March 31, 2025, there have been material changes in risk factors relevant to our results of operations, financial condition, or liquidity since December 31, 2024.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Repurchases of Equity Securities.

Sales of Unregistered Sales

None.

Issuer Repurchases of Equity Securities

There were no equity repurchases for the three and nine months ended September 30, 2025. The approximate dollar value of shares that may yet be purchased pursuant to the repurchase program is \$4.0 million. Management has no plans to repurchase additional shares at this time.

Item 5. Other Information.

During the period covered by this Report, no director or officer of the Company adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c); or (ii) any “non-Rule 10b5-1 trading arrangement” as defined in paragraph (c) of Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
10.1	Fifth Amendment to the Company's 2019 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 in the Form 8-K filed on August 21, 2025).
31.1+	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+†	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101**	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of September 30, 2025 and December 31, 2024; (ii) Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2025 and 2024; (iii) Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2025 and 2024; (iv) Consolidated Statements of Changes in Shareholders' Equity (Unaudited) for the Three and Nine Months Ended September 30, 2025 and 2024; and (v) Notes to Unaudited Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Filed herewith.

† This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

** In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FATHOM HOLDINGS INC.

Date: November 12, 2025

By: /s/ Marco Fregenal

Marco Fregenal

Chief Executive Officer and President

(Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Marco Fregenal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fathom Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

By: /s/ Marco Fregenal
Marco Fregenal
President and Chief Executive Officer
(Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER AND THE PRINCIPAL FINANCIAL
OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Fathom Holdings Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Marco Fregenal, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

By: /s/ Marco Fregenal

Marco Fregenal

President and Chief Executive Officer
(Principal Executive Officer, Principal
Financial Officer, and Principal Accounting Officer)

The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), and are not to be incorporated by reference into any filing of Fathom Holdings Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.