



2017 Annual Report

Summary Financial Information

(US\$ millions)	FY 2017	FY 2016
Revenues	\$303.0	\$248.5
Net Revenue¹	\$92.3	\$68.3
Adjusted EBITDA¹	\$9.4	\$12.8
Net Loss	\$(23.8)	\$(6.1)
Adjusted Net Income¹	\$2.8	\$6.0

About Real Matters

Real Matters is a leading network management services provider for the \$16 billion mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field agents to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include more than 60 of the top 100 mortgage lenders in the U.S. and some of the largest insurance companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title and mortgage closing services in the U.S. Established in 2004, Real Matters has offices in Buffalo (NY), Cincinnati (OH), Denver (CO), Middletown (RI), and Markham (ON). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL. For more information, visit www.realmatters.com.

1. Net Revenue, Adjusted EBITDA and Adjusted Net Income are Non-GAAP measures. See page 4 of this Annual Report.

To our shareholders,

2017 was a landmark year for Real Matters. We added two of the largest Tier 1 lenders in the U.S. to our customer base, expanded our platform into the title and closing industry, and we raised C\$125 million of common equity in conjunction with our initial public offering in May.

Our business delivered strong financial performance in 2017, including market adjusted revenue growth of 26% and Net Revenue¹ margin expansion. We also grew our appraisal market share by 30% and our title and closing market share by 17% in 2017 – both of which are key leading indicators of the long-term franchise value we are creating.



Our market share gains in 2017 provide an excellent baseline from which we will continue to deliver growth in fiscal 2018 and beyond. We expect to leverage the franchise value of our existing client relationships with more than 60 of the top 100 lenders in the U.S. and the strength of our network management platform to fuel that growth.

We have a client retention rate of more than 95%, and many of our clients have given us more of their business year after year. These long-term relationships are the foundation of our business.

Network Management Capabilities: Our Long-Term Competitive Differentiator

When we started Real Matters over a decade ago, our goal was to use technology to bring innovation and efficiencies to a segment of the mortgage lending industry where we knew there was a great opportunity for improvement. Put simply, my team and I knew that there were lender pain points that we could fix with the right combination of technology, creativity and a never-ending commitment to operational excellence. We saw an opportunity, through network management, to create a long-term competitive differentiator.

We sought to use technology to create a competitive marketplace for outsourced services that are essential to the underwriting process by focusing on the most qualified independent field agents to deliver the highest quality product and the best possible experience for the borrower.

2. Management estimate based on data from the MBA Mortgage Finance Forecast Report of October 24, 2017. 3. Management estimate of Residential Title Written Premium Market Share based on data from the American Land Title Association as of June 30, 2017 and Demotech, Inc. for period ending December 31, 2015.

\$16B addressable market

Today, we have established an industry-leading position in the \$3 billion appraisal market. We continue to gain market share, and we believe we have just begun to tap into the potential gains possible by doing more for our clients.

We also see substantial opportunities for growth in the \$13 billion title and closing market where we can bring the same approach to bear.

A Firm Commitment to Creating Long-Term Value

From day one, we have had a firm commitment to building long-term value that is fundamental to how we run our business and measure our success.

We know that our business will be subject to secular trends and seasonality, as it was in 2016-2017 with the boom and subsequent return to normalized levels in rate refinance driven mortgage originations. But we don't get distracted by short-term trends. Instead, we focus on the long term by consistently outperforming our competitors, growing market share with our clients, and attracting and retaining franchise clients. We believe that the true value of our company will be realized by building a business that can prosper in the peaks and valleys, and thrive over the long term.

1 in 15 residential mortgage appraisals
in the U.S. on our platform

To that end, in 2017 we focused our energies on increasing capacity and driving efficiencies on our network to support new customers and organic growth. We also leveraged our core logistics capabilities to launch smarter assignment and enhanced consumer inspection scheduling. We are now able to bundle orders for field agents and schedule inspections that meet 95% of consumers' preferred inspection times based on qualifications, capacity and availability on the network. These capabilities drive greater efficiencies for field agents and lenders on our platform while offering new ways to improve the consumer residential lending experience.

Being focused on the long term means we have said 'no' to a lot of opportunities, in order to say 'yes' to the right ones. That is borne out in the choices we have made to grow organically, and in the businesses we have acquired along the way.

This approach to managing our business is also reflected in our internal operating principles about people, products and plain common sense.

People

- Culture is everything: running a high-growth business requires smart, ambitious people — not necessarily a lot of people, but the right kind of people.
- We don't believe in variable compensation or short-term incentives — they incent the wrong behaviour. Many of our employees have an ownership interest in the Company and are aligned to our long-term goals.
- We recognize the importance of working with professional, qualified field agents and we work hard to align our success to their success.

In 2017, we opened a new Denver operations centre, investing in a culturally aligned talent pool which will help sustain our long-term commitment to running a high-growth business. We also began to expand our field agent network for title and closing, laying the groundwork for growth in that business.

Products

- We build for scale — because our clients require it and it's how we can grow profitably.
- Customizations drag on growth — we focus on scalable, repeatable processes.
- We are prudent with our capital and our resources — we make trade-offs in the short-term to meet our long-term goals and to set ourselves up for continued success.

In 2017, we began the process of porting our title and closing business to our network management platform by implementing our regional manager model and leveraging the same technology we use in the appraisal business to drive better performance in title and closing. We also hardened the controls and processes around our existing title and closing platform, in line with our capabilities in the appraisal business, such that we can now meet the requirements of regulated banks.

Plain Common Sense

- Measure twice, cut once — not taking the time to make sure of what you're doing will cost you time or money, and most likely both.
- Fail fast, learn faster.
- You only get one chance to make a first impression — execution is key.

60+ of top 100 mortgage lenders in the U.S. on our platform

In October 2017, we announced the expansion of our platform into the title and closing industry — and we are actively engaged in the sales cycle with many of our Tier 2 lenders. Our clients know the impact we have made in the appraisal business, and they are equally excited to see how we can leverage our network management capabilities to drive greater performance in the title and closing market. We now have one sales and account management team presenting a unified brand, value proposition, and network management platform to our clients.

We also launched a pilot for purchase transactions in the title and closing business with a Tier 2 lender in the summer of 2017. We will be disciplined about using an evidenced-based product road map as we evolve our strategy to address this significant market.

Looking Ahead

Real Matters serves one of the largest asset classes in the world and we have a long runway for growth in a \$16 billion total addressable market. By fiscal 2021, our objectives are to:

- Increase our U.S. residential mortgage appraisal market share to 15% - 20%;
- Increase the Company's U.S. title and closing market share to 1% - 3%;
- Increase revenues by a compound annual growth rate of 20% - 25%, from base year September 30, 2016;
- Achieve target Net Revenue¹ margins of 35% - 40%; and
- Achieve target Adjusted EBITDA¹ margins of 25% - 30%.

We are confident in our ability to deliver; we also know that these objectives are not a terminal value for what we believe we can achieve. This is just the beginning.

2017 was an outstanding year for Real Matters. We are proud of our achievements and excited about what the future holds. Our success would not be possible without the trust of our customers, the loyalty and professionalism of our field agents, the commitment and dedication of our employees, and the support and encouragement of our Board of Directors and shareholders – and for that, we are grateful.



Jason Smith

Founder, President and CEO
Real Matters Inc.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

The following Management Discussion and Analysis (“MD&A”) was prepared as of November 27, 2017 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2017 and 2016. All amounts included in this MD&A are reported in thousands of U.S. dollars, unless otherwise stated, and have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”). Throughout this MD&A, Real Matters Inc. and its subsidiaries are referred to as “Real Matters,” “the Company,” “we,” “our,” or “us.”

Initial public offering

On May 11, 2017, we completed an initial public offering (“IPO”) of common shares (the “Offering”). Our common shares are listed on the Toronto Stock Exchange under the stock symbol “REAL”.

The Offering of 12.1 million common shares consisted of a treasury share issuance of 9.6 million common shares and a secondary offering of 2.5 million common shares by certain selling shareholders. The Offering price of 13 Canadian dollars (“C\$”) resulted in net proceeds to us of C\$117.6 million and C\$29.8 million to the selling shareholders after underwriting commissions of C\$7.5 million and C\$1.9 million, respectively.

Corporate Overview

We are a leading network management services provider for the mortgage lending and insurance industries. Our “platform” combines our proprietary technology and network management capabilities with tens of thousands of independent qualified field agents to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our platform facilitates competition between field agents, such as residential real estate appraisers, to deliver performance-driven services, which brings superior quality, transparency and efficiency to our clients.

Our platform was created to address key issues within the mortgage lending and insurance industries. We built our platform to create a long-term competitive advantage relative to traditional service providers, who we believe have high-touch, labour intensive and costly operations. Through our platform and network management capabilities, we believe we are able to deliver services faster and with fewer errors. We believe the efficiencies we provide allow for fewer touch points, which reduces our cost structure and is a scalable business model.

We operate different brands focused on individual market segments in the United States of America (“U.S.”) and Canada. We service the U.S. and Canadian residential mortgage industry through our Solidifi brand, and the Canadian property and casualty insurance industry through our iv3 brand.

In the U.S., our clients include more than 60 of the top 100 mortgage lenders, including all Tier 1 mortgage lenders, as defined in the “Glossary” section of this MD&A. We provide approximately one in 15 residential mortgage appraisals in the U.S. and we estimate we had approximately 6.5% market share as of September 30, 2017. We are also a national independent provider of title and closing services and we estimate we had approximately 0.3% market share as of September 30, 2017.

In Canada, our clients include a majority of the largest Canadian chartered banks as well as some of North America’s largest insurance companies. We provide residential mortgage appraisals to three of the big five banks and we had approximately 18% market share at the end of 2017. We provide residential and commercial property insurance inspections to 10 of the top 15 insurance carriers in Canada and we had approximately 12% market share at the end of 2017.

We estimate that the total annual market spend for our services was approximately \$16.0 billion in 2017, which represented the current estimated annual spend by mortgage lenders on residential mortgage appraisal services and written premiums for title insurance provided by us in the U.S., and residential mortgage appraisal and insurance inspection services provided by us in Canada.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Headquartered in Markham, Ontario, Real Matters had approximately 800 employees across North America on September 30, 2017. Its principal offices include Buffalo, New York, Cincinnati, Ohio, Middletown, Rhode Island and Denver, Colorado.

Seasonality and Trends

Mortgage unit volumes in North America are a key driver of our financial performance. Our transaction-based revenues are impacted by the seasonality of the residential mortgage industry, with home buyers typically purchasing more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. Mortgage unit volumes are also impacted by other factors such as interest rate fluctuations, refinancing rates, housing prices, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. Our market share is impacted by the size of the residential mortgage market but also our clients' relative share of the mortgage origination market when compared to the overall size of the market. Gains or losses in mortgage origination market share by our clients' impacts our overall market share.

Most of our services are subject to multi-year or evergreen Master Service Agreements ("MSAs"). These agreements do not typically have minimum unit volume guarantees. Instead, we rely on our ability to outperform our competitors to increase our market share of transaction volumes with our clients.

For the fiscal year ending September 30, 2017 ("fiscal 2017"), approximately 90% of our revenues were generated in the U.S. For this reason, we have elected to report our consolidated financial results in U.S. dollars, although our functional currency is the Canadian dollar. We don't hedge the impact foreign currency exchange fluctuations between the Canadian and U.S. dollar can have on our reported amounts of Canadian dollar denominated revenues and expenses.

Strategy and Outlook

Our mission is to be a leading network management services company, globally. We built our platform to address key issues in the mortgage lending and insurance industries. In the U.S., our clients include more than 60 of the top 100 mortgage lenders, including all Tier 1 mortgage lenders.

Our platform creates a competitive marketplace for outsourced services that are essential to the underwriting process. Our strategy is to leverage our platform to consistently outperform our competitors, build on our performance to grow market share with our clients, and to attract and retain long-term franchise clients.

We believe that our strategy will strengthen our competitive position, and generate increased revenues, Net Revenue^(A) and profitability. This strategy is supported by our continuing focus on a scalable software development discipline, a commitment to client service, operational excellence and creating long-term value for our clients, employees and shareholders.

We take a long-term view to manage and measure the success of our ongoing business strategies. In this regard, our principal focus is on market share growth. We seek to achieve market share increases irrespective of residential mortgage origination market conditions. Market share growth is achieved through the onboarding of new customers and by increasing market share within our existing client base, including those clients we've recently onboarded. The mortgage market and residential mortgage originations are subject to the influence of many external factors, such as broader economic conditions and fluctuating interest rates, over which we have no direct control.

Based on our track record to date, we have routinely been able to grow our market share of a newly onboarded client's residential mortgage appraisal business to 15% of that client's transaction volume by the end of the first year of operation, and to 35% to 40% by the end of the third year. Although the vast majority of mortgage lenders in the U.S. use more than one service provider, we have a number of clients for which we are the majority residential mortgage appraisal provider. Our long-term strategy targets are based on achieving a market share of approximately 30% to 40% with each of our Tier 1 appraisal clients within five years of launch.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

If we successfully execute our plan, we believe that we have significant growth opportunities by September 30, 2021 (“fiscal 2021”) to:

- increase our U.S. residential mortgage appraisal market share to 15% to 20%;
- increase the Company’s U.S. title and closing market share to 1% to 3%;
- increase revenues by a compound annual growth rate (“CAGR”) of 20% to 25%, from base year September 30, 2016 (“fiscal 2016”);
- achieve target Net Revenue^(A) margins of 35% to 40%; and
- achieve target Adjusted EBITDA^(A) margins of 25% to 30%.

These long-term objectives are supported by continued growth of residential mortgage appraisal market share, disrupting the title and closing market and continued pursuit of acquisition opportunities.

We expect our quarterly results to vary with the seasonal nature and size of the U.S. mortgage originations market, which is significantly impacted by fluctuations in interest rates, amongst other factors.

There have been no significant changes to any assumption or estimate that would cause us to revise our outlook for fiscal 2021.

Important Factors Affecting Results from Operations

Many factors, including those that are beyond our direct control, may have a significant impact on our financial performance. Since the vast majority of our revenues are generated in the U.S., the discussion outlined below pertains to factors impacting the near-term outlook for the U.S. market. As discussed in the “Strategy and Outlook” section above, our objectives and strategies have been established with a longer-term view of performance, which includes consideration of the near-term factors expected to impact our operating results outlined below.

Residential Mortgage Originations

Our business is dependent on the strength of the mortgage lending industry, specifically the volume of U.S. residential mortgage originations for purchase and refinance transactions. According to the MBA Mortgage Finance Forecast Report of February 15, 2017, the U.S. mortgage origination market was estimated at \$1.9 trillion in 2016. In that report, the MBA expected residential mortgage originations to decline to \$1.6 trillion in 2017, and to remain stable until 2019. The MBA expected refinance transactions to decline to \$500 billion in 2017 from \$900 billion in 2016. In contrast, the MBA estimated that residential mortgage originations for home purchases would increase by 10%, 8% and 6% in each of the next three years, respectively, beginning in 2017. In the MBA’s most recent report, the only change to their February estimates was for the refinance market to be modestly stronger than their original prediction for 2017 of \$500 billion. The MBA’s revised estimate is for the refinance market to deliver \$600 billion of activity in 2017 and the overall market for 2017 to be \$1.7 trillion, all other estimates remain unchanged. The MBA’s anticipated decline in refinance transactions will dampen our revenues through 2019, while the expected increase in residential mortgage originations for home purchases, all else equal, will be a positive to revenues.

Economic Conditions

General economic conditions in the U.S. including the outlook for major leading indicators such as interest rates, Real Gross Domestic Product (“GDP”) and unemployment levels have historically impacted home ownership levels and the level of residential mortgage originations. Accordingly, the MBA factors all of these leading indicators into their residential mortgage origination estimates. A rising interest environment could result in lower residential mortgage originations and lower revenues, while a stronger U.S. economic environment can result in higher residential mortgage originations, including purchase and refinance originations, which could lead to higher revenues. Lower unemployment levels could lead to higher residential mortgage originations and result in higher revenues.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Regulation

Changes in regulation can impact the supply of mortgage funding. All else equal, a greater supply of mortgage funding could have a positive impact on our revenues. Conversely, a tighter supply of mortgage funding could lead to lower residential mortgage originations and lower revenues. We do not currently anticipate a tightening of available mortgage funding. The U.S. government may consider a review of certain regulations that, in combination with others, govern residential mortgage originations. While less restrictive regulation could impact our revenues, we do not view the repeal or easing of certain components of a particular piece of regulation as having a significant impact on our revenues.

We expect that anticipated market share growth with current and future clients will help mitigate the impact of any weakness in the mortgage lending market, as forecasted by the MBA, on our operating performance.

We are also subject to a variety of risks and uncertainties. See “Caution Regarding Forward-Looking Statements” contained elsewhere in this MD&A for a description of the risks that impact our business and that could cause actual results to vary.

Factors Affecting the Comparability of Results from Operations

Our historical results include the acquisition of Linear which has been included in our consolidated results since April 1, 2016, which affects the comparability of fiscal 2016 results with fiscal 2017.

For more details on this acquisition and its contribution to our financial results, please see the “Review of Operations” section of this MD&A.

Non-GAAP measures

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

(A)

Adjusted EBITDA

All references to “Adjusted EBITDA” in this MD&A are to net income or loss before stock-based compensation expense, acquisition and IPO recovery or costs, amortization, impairment of assets, interest expense, interest income, net foreign exchange gains or losses, gains or losses on fair value of warrants, re-measurement loss on previously held equity method investment, net income or loss from equity accounted investees and income tax expense or recovery. Adjusted EBITDA is a measure of our operating profitability, and by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of stock-based compensation expense, amortization, impairment of assets, unrealized net foreign exchange gain or loss, gain or loss on fair value of warrants, re-measurement loss on previously held equity method investment, net income or loss from equity accounted investees and deferred income taxes) or non-operating (in the case of acquisition and IPO recovery or costs, realized net foreign exchange gain or loss, interest expense, interest income and current income taxes). Adjusted EBITDA is a useful financial and operating metric for the Company, the board of directors, and the Company’s lender, as it represents a measure of the Company’s operating performance used to assess the value of the Company relative to its peers and compliance with a long-term debt facility covenant. The underlying reasons for excluding each item are as follows:

Stock-based compensation expense: These costs represent non-cash expenditures on equity settled awards recognized in connection with our IPO or ongoing stock-based compensation expense. These non-cash amounts are recorded to operating expenses and represents a different class of expense than those included in Adjusted EBITDA.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Acquisition and IPO (recovery) costs: These recoveries or costs represent non-operating items and include transaction related recoveries or costs specific to acquisitions and costs incurred in connection with our IPO. These recoveries or expenses are not indicative of continuing operations and represents a different class of recovery or expense than those included in Adjusted EBITDA.

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

Impairment of assets: As a non-cash item, impairment of assets is not indicative of our operating profitability and represents a different class of expense than those included in Adjusted EBITDA.

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

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

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

Re-measurement loss on previously held equity method investment: As a non-cash item, the re-measurement loss on a previously held equity method investment is not indicative of our operating profitability and represents a different class of expense than those included in Adjusted EBITDA.

Net income or loss from equity accounted investee: Net income or loss from our equity accounted investee is deducted from or added to Adjusted EBITDA, and as a non-cash item is not indicative of our operating profitability.

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

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the consolidated statement of operations and comprehensive income or loss for the years ended September 30, 2017 and 2016. A reconciliation between net income or loss and Adjusted EBITDA is provided for the three months ended September 30, 2017 and 2016 and fiscal years ending September 30, 2017 and 2016.

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Net (loss) income	\$ (3,822)	\$ 1,634	\$ (23,769)	\$ (6,079)
Stock-based compensation expense	369	-	3,497	-
Acquisition and IPO (recovery) costs	(1,151)	485	1,609	3,005
Amortization	5,348	5,853	21,241	14,001
Impairment of assets	-	-	5,096	-
Interest expense	160	222	889	687
Interest income	(116)	(5)	(139)	(20)
Net foreign exchange loss (gain)	3,076	(3,538)	3,390	(2,841)
(Gain) loss on fair value of warrants	(281)	22	5,011	5,437
Re-measurement loss on previously held equity method investment	-	-	976	-
Net income from equity accounted investees	(104)	(139)	(18)	(475)
Income tax (recovery) expense	(563)	750	(8,403)	(891)
Adjusted EBITDA	\$ 2,916	\$ 5,284	\$ 9,380	\$ 12,824

Management typically calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Revenues	\$ 82,892	\$ 80,983	\$ 302,976	\$ 248,547
Less: Transaction costs	58,863	56,030	210,682	180,247
Less: Operating expenses	21,482	19,669	86,411	55,476
Add: Stock-based compensation expense	369	-	3,497	-
Adjusted EBITDA	\$ 2,916	\$ 5,284	\$ 9,380	\$ 12,824

Principle changes in Adjusted EBITDA

The decline in Adjusted EBITDA for the three months ended September 30, 2017 and fiscal 2017 versus the same periods last year was due to the following:

- a significant decline in the residential mortgage originations market, specifically for refinance mortgage activity;
- revenue growth recognized from lower margin appraisal and ancillary services versus higher margin title and closing services;
- lower margin service revenues in our title and closing service line;
- the transition of certain title and closing services to the network managed business model from the traditional business model;
- higher public company costs; and, higher transaction costs to service organic appraisal and ancillary revenue growth in the first half of fiscal 2017, partially offset by lower transaction costs to service organic appraisal and ancillary revenue growth in the second half of fiscal 2017.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Net Revenue

The reconciling items between net income or loss and Net Revenue are detailed in the consolidated statement of operations and comprehensive income or loss. A reconciliation between net income or loss and Net Revenue is provided below for the three months ended September 30, 2017 and 2016 and fiscal years ending September 30, 2017 and 2016.

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Net (loss) income	\$ (3,822)	\$ 1,634	\$ (23,769)	\$ (6,079)
Operating expenses	21,482	19,669	86,411	55,476
Acquisition and IPO (recovery) costs	(1,151)	485	1,609	3,005
Amortization	5,348	5,853	21,241	14,001
Impairment of assets	-	-	5,096	-
Interest expense	160	222	889	687
Interest income	(116)	(5)	(139)	(20)
Net foreign exchange loss (gain)	3,076	(3,538)	3,390	(2,841)
(Gain) loss on fair value of warrants	(281)	22	5,011	5,437
Re-measurement loss on previously held equity method investment	-	-	976	-
Net income from equity accounted investees	(104)	(139)	(18)	(475)
Income tax (recovery) expense	(563)	750	(8,403)	(891)
Net Revenue	\$ 24,029	\$ 24,953	\$ 92,294	\$ 68,300

Management typically calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Revenues	\$ 82,892	\$ 80,983	\$ 302,976	\$ 248,547
Less: Transaction costs	58,863	56,030	210,682	180,247
Net Revenue	\$ 24,029	\$ 24,953	\$ 92,294	\$ 68,300

All references to “Net Revenue” in this MD&A are to Adjusted EBITDA (as defined above) plus operating expenses less stock-based compensation. Net Revenue is an additional measure of our operating profitability, and by definition, excludes certain items detailed above. Net Revenue comprises revenues less transaction costs, where transaction costs comprise expenses that are directly attributable to a specific revenue transaction including: appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, title and closing agent costs, external abstractor costs and external quality review costs. Net Revenue is a useful financial and operating metric for us and our board of directors to assess our operating performance and the value of our Company relative to our peers.

Principle changes in Net Revenue

The decline in Net Revenue for the three months ended September 30, 2017 versus the same quarter last year was due to the following:

- a significant decline in the residential mortgage originations market, specifically for refinance mortgage activity;
- revenue growth recognized from lower margin appraisal and ancillary services versus higher margin title and closing services;
- lower margin service revenues in our title and closing service line;
- the transition of certain title and closing services to the network managed business model from the traditional business model, partially offset by lower transaction costs to service organic appraisal and ancillary revenue growth in the fourth quarter of fiscal 2017.

The increase in Net Revenue for fiscal 2017 was impacted by each of the items impacting Net Revenues for the three months ended September 30, 2017, coupled with contributions to Net Revenues from acquisitions, partially offset by higher transaction costs to service organic appraisal and ancillary revenue growth in the first half of fiscal 2017.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Adjusted Net Income or Loss

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

The reconciling items between net income or loss and Adjusted Net Income or Loss are provided below for the three months ended September 30, 2017 and 2016 and fiscal years ending September 30, 2017 and 2016.

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Net (loss) income	\$ (3,822)	\$ 1,634	\$ (23,769)	\$ (6,079)
Stock-based compensation expense	369	-	3,497	-
Acquisition and IPO (recovery) costs	(1,151)	485	1,609	3,005
Amortization of intangibles	4,918	5,483	19,649	12,839
Impairment of assets	-	-	5,096	-
Net foreign exchange loss (gain)	3,076	(3,538)	3,390	(2,841)
(Gain) loss on fair value of warrants	(281)	22	5,011	5,437
Re-measurement loss on previously held equity method investment	-	-	976	-
Related tax effects	(2,392)	(960)	(12,696)	(6,389)
Adjusted Net Income	\$ 717	\$ 3,126	\$ 2,763	\$ 5,972

Adjusted EBITDA, Net Revenue and Adjusted Net Income or Loss should not be considered in isolation as an indicator of financial performance, or as an alternative to, or a substitute for, net income or other financial statement data presented in our audited consolidated financial statements.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Financial Performance

The following is a discussion of our consolidated financial condition and results of operations for the years ended September 30, 2017 and 2016.

Foreign Currency Exchange (“FX”) Rates

We have elected to report our financial results in U.S. dollars to improve the comparability of our financial results with our peers. Reporting our financial results in U.S. dollars also reduces the impact of foreign currency exchange fluctuations in our reported amounts because our complement of assets and operations are larger in the U.S. than they are in Canada. However, we remain a legally domiciled Canadian entity and our functional currency is the Canadian dollar. Accordingly, our financial position, results of operations, cash flows and equity are initially translated to, and consolidated in, Canadian dollars. The resulting translation adjustments are included in other comprehensive income or loss. Our consolidated Canadian dollar statement of financial position (“balance sheet”) is further translated from Canadian to U.S. dollars applying the foreign currency exchange rate in effect at the balance sheet date, while our consolidated Canadian dollar results of operations and cash flows are translated to U.S. dollars applying the average foreign currency exchange rate in effect during the reporting period. Translating the financial position, results of operations and cash flows of our U.S. business into Canadian dollars, our functional currency, and re-translating these amounts to U.S. dollars, our reporting currency, has no translation impact on our financial statements. Accordingly, our U.S. results retain their original values when expressed in our reporting currency. Translation adjustments are only included in the determination of net income or loss when we realize a reduction in the investment we hold in operations outside of Canada.

Our consolidated financial position and operating results have been translated to U.S. dollars applying FX rates outlined in the table below. FX rates are expressed as the amount of U.S. dollars required to purchase one Canadian dollar. Through March 31, 2017, FX rates represent noon rates according to the Bank of Canada. Subsequent to March 31, 2017, FX rates represent the daily average rate published once each business day by the Bank of Canada.

	Fiscal 2017						Fiscal 2016					
	Consolidated Balance Sheet		Consolidated Statement of Operations and Comprehensive Income or loss			Consolidated Balance Sheet		Consolidated Statement of Operations and Comprehensive Income or loss				
			Average	Cumulative				Average	Average	Cumulative		
	Current	Average		Average	Current	Average	Average					
December 31	\$	0.7448	\$	0.7496	\$	0.7496	\$	0.7225	\$	0.7489	\$	0.7489
March 31	\$	0.7506	\$	0.7559	\$	0.7528	\$	0.7710	\$	0.7274	\$	0.7380
June 30	\$	0.7706	\$	0.7436	\$	0.7497	\$	0.7687	\$	0.7761	\$	0.7503
September 30	\$	0.8013	\$	0.7984	\$	0.7613	\$	0.7624	\$	0.7662	\$	0.7542

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

FX Impact on Consolidated Results

The following table has been prepared to assist readers in assessing the FX impact on selected results for the year ended September 30, 2017.

	Year ended				
	September 30, 2016	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017
	(as reported)	(organic, acquisition and other non- operating changes)	(holding FX constant with the comparative period)	(FX impact)	(as reported)
Consolidated Statement of Operations					
Revenues	\$ 248,547	\$ 54,132	\$ 302,679	\$ 297	\$ 302,976
Transaction costs	180,247	30,187	210,434	248	210,682
Operating expenses	55,476	30,760	86,236	175	86,411
Acquisition and IPO costs	3,005	(1,420)	1,585	24	1,609
Amortization	14,001	7,233	21,234	7	21,241
Impairment of assets	-	5,096	5,096	-	5,096
Interest expense	687	200	887	2	889
Interest income	(20)	(118)	(138)	(1)	(139)
Net foreign exchange (gain) loss	(2,841)	6,195	3,354	36	3,390
Loss on fair value of warrants	5,437	(473)	4,964	47	5,011
Re-measurement loss on previously held equity method investment	-	976	976	-	976
Net income from equity accounted investees	(475)	457	(18)	-	(18)
Loss before income tax recovery	(6,970)	(24,961)	(31,931)	(241)	(32,172)
Net income tax recovery	(891)	(7,528)	(8,419)	16	(8,403)
Net loss	\$ (6,079)	\$ (17,433)	\$ (23,512)	\$ (257)	\$ (23,769)
Net Revenue^(A)	\$ 68,300	\$ 23,945	\$ 92,245	\$ 49	\$ 92,294
Adjusted EBITDA^(A)	\$ 12,824	\$ (3,350)	\$ 9,474	\$ (94)	\$ 9,380
Adjusted Net Income^(A)	\$ 5,972	\$ (3,066)	\$ 2,906	\$ (143)	\$ 2,763

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

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Review of Operations - For the year ended September 30, 2017

We conduct our business in the U.S. and Canada. Please refer to the table above for additional details regarding the impact FX had on our comparative operating results for fiscal 2017.

Revenues

	Year ended September 30		
	2017	2016	Change
Total	\$ 302,976	\$ 248,547	\$ 54,429
U.S.	\$ 271,242	\$ 218,267	\$ 52,975
Canada	\$ 31,734	\$ 30,280	\$ 1,454

Revenue by geography and service type

	Year ended September 30, 2017				Year ended September 30, 2016			
	U.S.	Percent- age of revenues	Canada - expressed in thousands of Canadian dollars	Percent- age of revenues	U.S.	Percent- age of revenues	Canada - expressed in thousands of Canadian dollars	Percent- age of revenues
Appraisal and ancillary	\$ 200,168	73.8 %	\$ 36,970	88.7 %	\$ 181,036	83.0 %	\$ 35,348	88.0 %
Title and closing	69,500	25.6 %	-	- %	36,935	16.9 %	-	- %
Other	1,574	0.6 %	4,714	11.3 %	296	0.1 %	4,802	12.0 %
Revenues	\$ 271,242	100.0 %	\$ 41,684	100.0 %	\$ 218,267	100.0 %	\$ 40,150	100.0 %

Revenue growth or decline components

	Year ended September 30, 2017		
	U.S.	Canada	Consolidated
Organic, including market impact	6.0 %	3.8 %	5.7 %
Acquisition	18.3 %	- %	16.1 %
FX	- %	1.0 %	0.1 %
Total revenue growth	24.3 %	4.8 %	21.9 %

Year ended

Consolidated revenues increased 21.9% to \$303.0 million, on contributions from acquisitions of \$40.0 million and organic growth (including the estimated market impact) of \$14.1 million. The impact of the change in FX of \$0.3 million was nominal. Our fiscal 2017 results were impacted by changes in the U.S. residential mortgage origination market, which the MBA estimates declined by over 22%, comprising an estimated 4% decrease in residential mortgage purchase activity and a 41% decline in refinance activity.

Our acquisition of Linear increased revenues by \$37.8 million compared to fiscal 2016. We also acquired a small complementary business in 2016 that contributed additional revenues of \$1.1 million in 2017, and we recorded revenues of \$1.1 million from the consolidation of a joint venture previously accounted for as an equity accounted investee.

We generated consolidated organic revenue growth, including the negative market impact, of 5.7% in fiscal 2017 due to higher transaction volumes gained through additional market share with our existing clients and higher transaction volumes from new clients in both our appraisal and title and closing service lines.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

U.S.

U.S. segment revenues increased 24.3% to \$271.2 million for fiscal 2017. As outlined in the consolidated discussion above, acquisitions accounted for \$40.0 million of the increase in revenues. Excluding acquisitions, revenues increased \$18.0 million compared to fiscal 2016 due to organic growth in appraisal volumes from market share gains with existing clients and new client volumes. Title and closing volumes were significantly impacted by the MBA's estimated 41% decline in the refinance mortgage originations market. Our title and closing revenues declined \$6.3 million in the second half of fiscal 2017 compared to the same period last year due to lower refinance volumes resulting from a higher current period interest rate environment. Title and closing revenues in fiscal 2017 also included lower margin revenues due to service revenue mix.

Canada

Revenues in Canada increased 4.8% to \$31.7 million in fiscal 2017. We managed higher appraisal volumes as a result of increased market share and FX contributed 1.0% to the increase in fiscal 2017.

Please refer to the Strategy and Outlook section of this MD&A for additional discussion on economic trends affecting revenues, our strategy and our operations.

Transaction costs

Transaction costs comprise expenses directly attributable to a specific revenue transaction, including appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, title and closing agent costs, external abstractor costs and external quality review costs.

	Year ended September 30		
	2017	2016	Change
Total	\$ 210,682	\$ 180,247	\$ 30,435
U.S.	\$ 184,119	\$ 155,179	\$ 28,940
Canada	\$ 26,563	\$ 25,068	\$ 1,495

Year ended

On a consolidated basis, transaction costs increased 16.9% to \$210.7 million in fiscal 2017 due to organic and acquisition growth. Organic revenue growth from the launch of new clients, market share gains with existing clients and revenue mix accounted for \$17.4 million of the increase in transaction costs from fiscal 2016. Transaction costs were also impacted by our transition of certain title and closing services to a network managed business model from a traditional business model. We incurred higher transaction costs to service organic appraisal and ancillary revenue growth in the first half of fiscal 2017, which was partially offset by lower transaction costs to service the same growth in the second half of fiscal 2017. Acquisitions contributed \$13.0 million to the year-over-year increase in transaction costs and were due to the acquisitions of Linear and a small complementary business in 2016, as well as the consolidation of a previously equity accounted investee in 2017.

U.S.

Transaction costs in our U.S. segment increased \$28.9 million in fiscal 2017 as a result of organic and acquisition growth which accounted for \$15.9 million and \$13.0 million of the increase, respectively. Our acquisition of Linear in April 2016, coupled with a small complementary business acquired in January 2016 and the consolidation of a previously equity accounted investee, generated higher transaction costs of \$12.2 million, \$0.5 million and \$0.3 million, respectively.

Higher transaction costs attributable to organic revenue growth in fiscal 2017 were due to market share gains from existing clients and new client additions, partially offset by lower transaction costs due to lower refinance mortgage activity. As outlined above, we began to transition certain title and closing services to a network managed business model in the second half of 2017, which also contributed to higher transaction costs. Leveraging our platform in the supply of appraisal and ancillary services in the second half of fiscal 2017 improved transaction costs relative to revenues.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Excluding the impact of acquisitions, Net Revenue^(A) margins were lower compared to fiscal 2016 as our 2017 consolidated revenues included a higher proportion of lower-margin appraisal revenues, higher appraiser costs incurred in conjunction with onboarding and deploying our platform with new clients, which included Tier 1 mortgage lenders in the U.S., in the first half of fiscal 2017, lower margin work completed in our title and closing service line and the transition of certain title and closing service offerings to a network managed model, which were partially offset by improvements to Net Revenue^(A) margins from improving our delivery of appraisal and ancillary services in the second half of fiscal 2017. As we continue to build market share with clients, we expect to leverage our platform to lower transaction costs as a percentage of revenues over the long-term.

Canada

Transaction costs in Canada increased \$1.5 million in fiscal 2017 compared to fiscal 2016 in line with the increase in appraisal revenues from market share gains. Transaction costs as a percentage of revenues increased by 90 basis points due to revenue mix across our client base.

Operating expenses

	Year ended September 30		
	2017	2016	Change
Total	\$ 86,411	\$ 55,476	\$ 30,935
U.S.	\$ 67,722	\$ 42,898	\$ 24,824
Canada	\$ 2,886	\$ 2,413	\$ 473
Corporate	\$ 15,803	\$ 10,165	\$ 5,638

Year ended

Consolidated operating expenses increased \$30.9 million in fiscal 2017 compared to fiscal 2016. Higher operating expenses in our U.S. segment accounted for the majority of the increase, driven primarily by acquisitions and organic growth. Corporate segment operating costs increased due to stock-based compensation expense totaling \$3.5 million, compared to \$nil in 2016. In 2017, we also hired additional staff to support our platform and growth strategies, including public company readiness, and we incurred higher public company costs.

U.S.

The increase in U.S. segment operating expenses was due in part to our acquisition of Linear. Acquisitions contributed \$18.8 million of additional operating expenses in the current year, comprised principally of payroll and related costs of \$13.7 million and office and computer costs of \$2.3 million. The remainder of the increase was related to travel and entertainment, rent and bank charges. Excluding acquisitions, higher payroll and related costs were the largest contributor to the increase in operating expense, increasing \$4.8 million year-over-year. Higher payroll costs represent our investment in new client deployment to support the anticipated growth from market share gains with recently deployed clients. Similar to transaction costs, we expect to leverage our platform to lower operating expenses as a percentage of Net Revenue^(A) over the long-term. Computer costs, travel and entertainment and provisions for certain receivables increased \$1.5 million in total due to growth in the business and the timing of receivables collection.

Canada

The year-over-year increase in operating expenses was due to new hires and salary increases of \$0.1 million, higher travel and related expenses of \$0.1 million and higher office related costs of \$0.2 million.

Corporate

Corporate operating expenses increased \$5.6 million in fiscal 2017 due to stock-based compensation expense of \$3.5 million. Additional staff to support our platform and growth strategies, and new hires for public company readiness, resulted in higher payroll and related costs of \$1.1 million. Professional fees increased \$0.7 million from fiscal 2016 due to higher costs to operate as a public company and certain litigation related matters.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Acquisition and IPO costs (recovery)

	Year ended September 30		
	2017	2016	Change
Total	\$ 1,609	\$ 3,005	\$ (1,396)
U.S.	\$ (953)	\$ 2,406	\$ (3,359)
Canada	\$ -	\$ -	\$ -
Corporate	\$ 2,562	\$ 599	\$ 1,963

Year ended

We incurred acquisition and IPO costs of \$1.6 million for third party services in fiscal 2017 which included a recovery due to the settlement of certain amounts owing to the sellers of Linear of \$1.4 million. IPO costs reflected professional and consulting fees in both the current and prior fiscal years. Fiscal 2016 also included costs incurred on our purchase of Linear and a complementary business we acquired in January 2016.

Amortization

	Year ended September 30		
	2017	2016	Change
Total	\$ 21,241	\$ 14,001	\$ 7,240
U.S.	\$ 20,539	\$ 12,817	\$ 7,722
Canada	\$ -	\$ -	\$ -
Corporate	\$ 702	\$ 1,184	\$ (482)

Year ended

Amortization increased \$7.2 million in fiscal 2017 compared to fiscal 2016. The U.S. segment increase was due to acquisitions completed in 2016, resulting in higher intangible asset amortization of \$7.3 million. Amortization of property and equipment in our U.S. segment was \$0.4 million higher due to the acquisition of Linear. The decline in amortization expense for our Corporate segment was due to fully amortized investments in our platform.

Impairment of assets

	Year ended September 30		
	2017	2016	Change
Total	\$ 5,096	\$ -	\$ 5,096

Year ended

We incurred an impairment charge of \$5.1 million in the second quarter of fiscal 2017 related to two equity accounted investees recorded in our U.S. segment that we assessed as impaired. Ending these joint ventures arrangements aligns with our long-term growth and integration strategy.

Interest expense

	Year ended September 30		
	2017	2016	Change
Total	\$ 889	\$ 687	\$ 202

Year ended

Interest expense increased \$0.2 million in fiscal 2017. Indebtedness incurred in conjunction with the acquisition of Linear, including the accretion of deferred financing costs incurred in connection with this debt, and accretion of contingent amounts payable to the sellers of Linear, was the primary reason for the increase in interest expense compared to fiscal 2016. These increases were partially offset by lower interest expense following our IPO due to the full repayment of amounts drawn on our long-term debt facilities in May of this year.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Interest income

	Year ended September 30		
	2017	2016	Change
Total	\$ (139)	\$ (20)	\$ (119)

Year ended

Interest income was nominal in both fiscal 2017 and fiscal 2016. Interest income in fiscal 2017 was marginally higher than fiscal 2016 due to the investment of unutilized proceeds received on our IPO.

Net foreign exchange loss (gain)

	Year ended September 30		
	2017	2016	Change
Total	\$ 3,390	\$ (2,841)	\$ 6,231

Year ended

Foreign currency losses in fiscal 2017 and gains in fiscal 2016 principally represent non-cash losses or gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies. In fiscal 2016, net foreign exchange gains were partially offset by a realized loss on a foreign currency exchange agreement entered into in advance of, and in connection with, the acquisition of Linear.

Loss on fair value of warrants

	Year ended September 30		
	2017	2016	Change
Total	\$ 5,011	\$ 5,437	\$ (426)

Year ended

The recorded loss for fiscal 2017 declined modestly compared to fiscal 2016. A lower increase in the value of common shares used to value warrant liabilities in fiscal 2017 was the primary reason for the lower loss.

Re-measurement loss on previously held equity method investment

	Year ended September 30		
	2017	2016	Change
Total	\$ 976	\$ -	\$ 976

Year ended

Effective April 1, 2017, we amended an operating agreement with one of our joint venture partners. This amendment resulted in us obtaining control over the joint venture and required that we re-measured our original investment in this investee at the change of control date. We recorded a non-cash loss of \$1.0 million in respect of this re-measurement.

Net income from equity accounted investees

	Year ended September 30		
	2017	2016	Change
Total	\$ (18)	\$ (475)	\$ 457

Net income or loss from equity accounted investees represents our pro rata share of the investee's post-acquisition earnings, computed using the consolidation method.

Year ended

Prior to our acquisition of Linear in April 2016, we had no investment in equity accounted investees. The decline in mortgage originations attributable to lower residential mortgage refinancing volumes contributed to lower net income

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

from equity accounted investees in fiscal 2017 compared to fiscal 2016. In addition, and as outlined above in the discussion of the re-measurement loss on a previously held equity method investment, one of our joint ventures became a controlled subsidiary which required us to discontinue the use of equity method of accounting.

Net income tax recovery

	Year ended September 30		
	2017	2016	Change
Total	\$ (8,403)	\$ (891)	\$ (7,512)

Year ended

We recorded a loss before income tax recovery for fiscal 2017 of \$32.2 million. Income tax calculated at the statutory rate resulted in an income tax recovery of \$8.5 million. Income tax recoveries attributable to foreign earnings subject to tax at a different statutory tax rate contributed an additional \$3.4 million, bringing the total expected income tax recovery to \$11.9 million and representing an effective tax rate of 37.2%. Non-deductible and non-taxable expenses partially offset income tax recoveries by \$3.3 million, and relate to accounting losses on the fair value of warrant liabilities, net foreign exchange gains or losses on long-term financing arrangements between a Canadian and U.S. entity and stock-based compensation that are not deductible for tax. State and other tax expense or recoveries were nominal.

Review of Operations - For the three months ended September 30, 2017

FX Impact on Consolidated Results

The following table has been prepared to assist readers in assessing the FX impact on selected results for the three months ended September 30, 2017.

	Three months ended				
	September 30, 2016	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017
	(as reported)	(organic, acquisition and other non- operating changes)	(holding FX constant with the comparative period)	(FX impact)	(as reported)
Consolidated Statement of Operations					
Revenues	\$ 80,983	\$ 1,595	\$ 82,578	\$ 314	\$ 82,892
Transaction costs	56,030	2,571	58,601	262	58,863
Operating expenses	19,669	1,627	21,296	186	21,482
Acquisition and IPO costs (recovery)	485	(1,662)	(1,177)	26	(1,151)
Amortization	5,853	(512)	5,341	7	5,348
Interest expense	222	(64)	158	2	160
Interest income	(5)	(109)	(114)	(2)	(116)
Net foreign exchange (gain) loss	(3,538)	6,577	3,039	37	3,076
Loss (gain) on fair value of warrants	22	(354)	(332)	51	(281)
Net income from equity accounted investees	(139)	35	(104)	-	(104)
Income (loss) before income tax expense (recovery)	2,384	(6,514)	(4,130)	(255)	(4,385)
Net income tax expense (recovery)	750	(1,330)	(580)	17	(563)
Net income (loss)	\$ 1,634	\$ (5,184)	\$ (3,550)	\$ (272)	\$ (3,822)
Net Revenue^(A)	\$ 24,953	\$ (976)	\$ 23,977	\$ 52	\$ 24,029
Adjusted EBITDA^(A)	\$ 5,284	\$ (2,268)	\$ 3,016	\$ (100)	\$ 2,916
Adjusted Net Income^(A)	\$ 3,126	\$ (2,258)	\$ 868	\$ (151)	\$ 717

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

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Revenues

	Three months ended September 30		
	2017	2016	Change
Total	\$ 82,892	\$ 80,983	\$ 1,909
U.S.	\$ 74,233	\$ 72,231	\$ 2,002
Canada	\$ 8,659	\$ 8,752	\$ (93)

Revenue by geography and service type

	Three months ended September 30, 2017				Three months ended September 30, 2016			
	U.S.	Percent- age of revenues	Canada - expressed in thousands of Canadian dollars	Percent- age of revenues	U.S.	Percent- age of revenues	Canada - expressed in thousands of Canadian dollars	Percent- age of revenues
Appraisal and ancillary	\$ 57,062	76.9 %	\$ 9,727	89.2 %	\$ 52,268	72.4 %	\$ 10,174	88.8 %
Title and closing	16,768	22.6 %	-	- %	19,818	27.4 %	-	- %
Other	403	0.5 %	1,178	10.8 %	145	0.2 %	1,281	11.2 %
Revenues	\$ 74,233	100.0 %	\$ 10,905	100.0 %	\$ 72,231	100.0 %	\$ 11,455	100.0 %

Revenue growth or decline components

	Three months ended September 30, 2017		
	U.S.	Canada	Consolidated
Organic, including market impact	2.1 %	(4.7) %	1.4 %
Acquisition	0.7 %	- %	0.6 %
FX	- %	3.6 %	0.4 %
Total revenue growth (decline)	2.8 %	(1.1) %	2.4 %

Three months

We generated consolidated revenues of \$82.9 million in the fourth quarter of 2017, representing an increase of \$1.9 million or 2.4% over the same period last year. Organic market share gains in U.S. appraisal revenues exceeded the estimated decline in the market for these services as estimated by the MBA, growing \$4.8 million over the fourth quarter of 2016. Organic market share gains in title and closing revenues were outpaced by the estimated decline in the overall market, which resulted in a decrease to revenues of \$3.5 million this quarter compared to the same quarter last year. On a consolidated basis, and including the market impact, revenues increased organically by \$1.1 million compared to the same quarter last year. FX represented \$0.3 million of the increase and an amendment to an operating agreement between us and a joint venture partner resulted in the joint venture being accounted for as a controlled subsidiary, and consolidated, versus its previous accounting treatment as an equity accounted investee, which increased consolidated revenues by \$0.5 million.

The U.S. residential mortgage origination market decreased by approximately 13% in the fourth quarter of 2017 compared to the same quarter last year according to the MBA Mortgage Finance Forecast Report of October 24, 2017. The residential mortgage purchase market increased approximately 7% while the refinance market is estimated to have declined by 38%.

Notwithstanding the estimated market impact, we achieved market share gains with our existing clients and recorded transaction volumes from new clients. With more than 60 of the top 100 lenders as clients, we have a significant base from which to grow market share in the future.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

U.S.

U.S. segment revenues increased 2.8% to \$74.2 million in the fourth quarter of fiscal 2017. Despite the market decline as estimated by the MBA, we grew appraisal volumes from new clients, achieved market share gains with existing clients and generated additional revenues in the fourth quarter of 2017 totaling \$4.8 million. When we adjust for the MBAs estimate of the market decline, title and closing revenues grew organically, but included lower margin revenues due to service revenue mix. In total, however, title and closing revenues were lower in the fourth quarter of 2017 by \$3.5 million compared to the same quarter last year due to lower refinance volumes resulting from a higher current period interest rate environment. As outlined above, acquisition revenue increased title and closing revenues by \$0.5 million due to an amendment to a joint venture agreement.

Canada

Revenues in Canada declined \$0.1 million or 1.1% to \$8.7 million in the fourth quarter of fiscal 2017. We managed modestly lower appraisal volumes in the fourth quarter this year due to a decline in Canadian market activity. FX increased revenues in the fourth quarter of 2017 by \$0.3 million.

Please refer to the Strategy and Outlook section of this MD&A for additional discussion on economic trends affecting revenues, our strategy and our operations.

Transaction costs

	Three months ended September 30		
	2017	2016	Change
Total	\$ 58,863	\$ 56,030	\$ 2,833
U.S.	\$ 51,601	\$ 48,743	\$ 2,858
Canada	\$ 7,262	\$ 7,287	\$ (25)

Three months

On a consolidated basis, transaction costs increased 5.1% to \$58.9 million in fiscal 2017 due to acquisition and organic growth. Acquisitions contributed \$0.1 million to the fourth quarter increase in transaction costs, due to the consolidation of a previously equity accounted investee.

Organic revenue growth from the launch of new clients, market share gains with existing clients and a change in revenue mix accounted for \$2.4 million of the increase in transaction costs compared to the fourth quarter in fiscal 2016. In particular, lower margin appraisal revenues grew \$4.8 million in the fourth quarter of 2017 compared to the same quarter last year, while higher margin title and closing revenues declined \$3.5 million. Transaction costs also increased due to our transition of certain title and closing services to a network managed business model from a traditional business model, coupled with an increase in lower margin search revenues in our title and closing service line, partially offset by lower transaction costs to service organic appraisal and ancillary revenue growth.

U.S.

Transaction costs in our U.S. segment increased \$2.9 million in the fourth quarter of fiscal 2017 due primarily to organic growth of \$2.8 million. Higher transaction costs attributable to organic revenue growth in the fourth quarter this year were due to market share gains from existing clients and new client additions, partially offset by lower transaction costs due to lower refinance mortgage activity. As outlined above, the transition of certain title and closing services to a network managed business model also contributed to higher transaction costs, while improving our delivery of appraisal and ancillary services in the second half of fiscal 2017 improved transaction costs relative to revenues in the fourth quarter this year.

Excluding the impact of acquisitions, Net Revenue^(A) margins were lower compared to the fourth quarter in fiscal 2016 due to consolidated revenues comprising a higher proportion of lower margin appraisal revenues, lower margin work completed in our title and closing service line and the transition of certain title and closing service offerings to a network managed model, partially offset by improvements to Net Revenue^(A) margins by leveraging our platform in the supply of

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appraisal and ancillary services in the fourth quarter this year. As we continue to build market share with clients, we expect to continue to leverage our platform to lower transaction costs as a percentage of revenues over the long-term.

Canada

Transaction costs in Canada declined marginally in the fourth quarter of fiscal 2017 compared to the same quarter last year due to lower market activity, net of FX.

Operating expenses

	Three months ended September 30		
	2017	2016	Change
Total	\$ 21,482	\$ 19,669	\$ 1,813
U.S.	\$ 16,931	\$ 16,169	\$ 762
Canada	\$ 789	\$ 583	\$ 206
Corporate	\$ 3,762	\$ 2,917	\$ 845

Three months

Consolidated operating expenses increased \$1.8 million in the fourth quarter of fiscal 2017. Higher operating expenses in our Corporate segment accounted for the majority of the increase over the same quarter last year, due to stock-based compensation expense of \$0.4 million and higher professional fees of \$0.3 million. Higher payroll and related costs of \$0.5 million were the largest contributor to the increase in U.S. segment operating expenses this quarter compared to the same quarter last year. These costs relate to our investment in new client deployment to support growth from market share gains with recently deployed clients, partially offset by lower payroll costs as we began the transition of our title and closing service offering to a network managed solution. The balance of the increase is due to higher computer costs and higher provisions for certain receivables.

U.S.

The increase in U.S. segment operating expenses was due to higher payroll and related costs, higher computer costs and provisions for certain receivables. Higher payroll and related costs were the largest contributor to the increase totaling \$0.5 million. Looking forward, we expect to leverage our platform to lower operating expenses as a percentage of Net Revenue^(A).

Canada

The increase in operating costs was not significant.

Corporate

Operating expenses in our Corporate segment increased \$0.8 million over the same quarter last year, due to stock-based compensation expense of \$0.4 million, and higher professional fees, including legal, accounting and advisory of \$0.3 million, in aggregate.

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Acquisition and IPO (recovery) costs

	Three months ended September 30		
	2017	2016	Change
Total	\$ (1,151)	\$ 485	\$ (1,636)
U.S.	\$ (1,389)	\$ 198	\$ (1,587)
Canada	\$ -	\$ -	\$ -
Corporate	\$ 238	\$ 287	\$ (49)

Three months

We recognized a recovery of \$1.2 million in the fourth quarter of fiscal 2017 due to the settlement of certain amounts owing to the sellers of Linear, partially offset by additional IPO costs. IPO costs reflected professional and consulting fees in both the current and prior year quarters.

Amortization

	Three months ended September 30		
	2017	2016	Change
Total	\$ 5,348	\$ 5,853	\$ (505)
U.S.	\$ 5,211	\$ 5,586	\$ (375)
Canada	\$ -	\$ -	\$ -
Corporate	\$ 137	\$ 267	\$ (130)

Three months

Amortization declined modestly in the fourth quarter of fiscal 2017 compared to the same quarter last year. The decrease was due to lower intangible amortization in our U.S. segment from fully amortized intangible assets and lower amortization expense recorded in our Corporate segment due to fully amortized investments in our platform.

Interest expense

	Three months ended September 30		
	2017	2016	Change
Total	\$ 160	\$ 222	\$ (62)

Three months

Interest expense declined \$0.1 million in the fourth quarter of fiscal 2017 due to the full repayment of amounts drawn on our long-term debt facilities from a portion of the proceeds raised on the Offering.

Interest income

	Three months ended September 30		
	2017	2016	Change
Total	\$ (116)	\$ (5)	\$ (111)

Three months

The increase in interest income for the fourth quarter of fiscal 2017 of \$0.1 million was due to the investment of unutilized proceeds received on our IPO.

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Net foreign exchange loss (gain)

	Three months ended September 30		
	2017	2016	Change
Total	\$ 3,076	\$ (3,538)	\$ 6,614

Three months

Foreign currency exchange losses in the fourth quarter of fiscal 2017 principally represented non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies.

(Gain) loss on fair value of warrants

	Three months ended September 30		
	2017	2016	Change
Total	\$ (281)	\$ 22	\$ (303)

Three months

We recognized a nominal gain in the fourth quarter of fiscal 2017 due to the decline in our share price since the third quarter of fiscal 2017. We also recognized gains on certain warrants exercised during the current year quarter due to their exercise occurring at a lower price than the fair value ascribed to each warrant on June 30, 2017.

Net income from equity accounted investees

	Three months ended September 30		
	2017	2016	Change
Total	\$ (104)	\$ (139)	\$ 35

Three months

The decline in mortgage originations attributable to lower residential mortgage refinancing volumes contributed to lower income in the fourth quarter of fiscal 2017 compared to the same quarter last year. In addition, effective April 1, 2017, one of our joint ventures became a controlled subsidiary which resulted in us discontinuing the use of equity method of accounting.

Net income tax recovery

	Three months ended September 30		
	2017	2016	Change
Total	\$ (563)	\$ 750	\$ (1,313)

Three months

We recorded a loss before income tax recovery in the fourth quarter of fiscal 2017 of \$4.4 million. Income tax calculated at the statutory rate resulted in an income tax recovery of \$1.2 million. Income tax recoveries attributable to foreign earnings subject to tax at a different statutory tax rate contributed an additional \$0.4 million, bringing the total expected income tax recovery to \$1.6 million, representing an effective tax rate of 36.1%. Non-deductible and non-taxable losses or gains partially offset income tax recoveries by \$1.0 million, and relate to accounting gains on the fair value of warrant liabilities, net foreign exchange losses on long-term financing arrangements between a Canadian and U.S. entity and stock-based compensation that are not deductible or included for tax. State and other tax expense or recoveries were nominal.

Dividends

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

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Selected Annual Information

	Year ended September 30		
	2017	2016 ⁽¹⁾	2015 ⁽¹⁾
Revenues	\$ 302,976	\$ 248,547	\$ 170,495
Net loss	\$ (23,769)	\$ (6,079)	\$ (5,103)
Net loss per weighted average share, basic	\$ (0.30)	\$ (0.09)	\$ (0.08)
Net loss per weighted average share, diluted	\$ (0.30)	\$ (0.09)	\$ (0.08)
Total assets	\$ 226,563	\$ 190,864	\$ 78,752
Total long-term liabilities	\$ 13,474	\$ 36,678	\$ 15,474

Note

⁽¹⁾ Net loss per weighted average share, basic and diluted, have been restated to reflect the share consolidation (on the basis of one (new) for every two (old) common shares) which took effect immediately prior to the closing of the Offering.

Revenues

2017-2016

Please see the Review of Operations section of this MD&A for a detailed discussion of the year-over-year changes in revenues.

2016-2015

Consolidated revenues increased 45.8% to \$248.5 million in fiscal 2016 compared to the year ended September 30, 2015 ("fiscal 2015"), due to revenues from acquisitions and organic growth of \$65.5 million and \$15.0 million, respectively, partially offset by a decline in FX of \$2.4 million.

Revenue growth from acquisitions was largely attributable to the results of Linear, which we acquired in April 2016. Revenues from this acquisition contributed \$37.2 million in fiscal 2016. The Linear acquisition provided us with a presence in the residential and commercial real estate title and closing market. We also acquired a small complementary business that contributed additional revenues of \$5.2 million in fiscal 2016 and the fiscal 2015 acquisition of Southwest contributed additional revenues of \$23.1 million in fiscal 2016.

Our organic revenue growth in fiscal 2016 was the result of higher transaction volumes gained through additional market share with our existing clients, coupled with transaction volumes from new clients and higher comparative market volumes.

U.S. segment revenues increased 52.4% to \$218.3 million in fiscal 2016. As outlined in the discussion above, acquisitions accounted for \$65.5 million of the increase in revenues in fiscal 2016. Excluding acquisitions, revenues increased year-over-year due to the addition of a Tier 1 mortgage lender in June 2015 and growth of appraisal volumes and market share following deployment with this client. Higher comparative market volumes also contributed to revenue growth between fiscal 2016 and fiscal 2015.

Revenues in Canada increased 11.0% to \$30.3 million in fiscal 2016 or 19.8% and \$5.4 million when the impact of FX is excluded. We managed higher appraisal volumes in fiscal 2016 as a result of market share gains. Lower insurance inspection revenues in our Canadian segment represented the decline in revenues from other sources.

Net loss

2017-2016

Please see the Review of Operations section of this MD&A for a detailed discussion of the components comprising the change in net loss between fiscal 2017 and fiscal 2016.

2016-2015

Our net loss was nominally higher in fiscal 2016 compared to fiscal 2015. Although we realized stronger Adjusted EBITDA^(A) related to organic and acquisition growth, this growth was more than offset by higher intangible asset amortization expense due to the acquisitions completed in fiscal 2016. Acquisition and IPO costs increased over fiscal 2015 as well due to acquisitions completed in fiscal 2016 and the incurrence of costs in respect of our IPO. These amounts

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were partially offset by net foreign currency exchange gains due to non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and higher income tax recoveries attributable to higher recorded losses before income tax.

Total Assets

2017-2016

Total assets increased \$35.7 million or 18.7% between September 30, 2017 and 2016. Cash and cash equivalents increased \$44.9 million, due to excess proceeds from the Offering of \$51.4 million, partially offset by a \$5.1 million use of cash due to our election to pay appraisal vendors faster. Deferred tax assets increased \$12.1 million between September 30, 2017 and 2016. This increase was the result of a change in accounting and tax values for intangible assets, due to the amortization of intangible assets more quickly for accounting than tax. The increase in deferred tax assets from a change in intangible assets was partially offset by a decline in deferred tax assets due to a change in non-deductible accounting reserves. Intangible assets declined \$19.6 million between September 30, 2017 and 2016, due to normal course amortization. The remainder of the change in total assets was due to lower investments in equity accounted investees of \$7.7 million, due in part to an impairment charge recorded in fiscal 2017, higher goodwill resulting from an amendment to a joint venture agreement and the purchase of the remaining interest in a joint venture in fiscal 2017, and higher trade and other receivables due to net organic growth from new clients and market share increases with existing clients.

2016-2015

Total assets increased \$112.1 million between September 30, 2016 and 2015, with goodwill accounting for \$34.3 million of the increase. Goodwill recorded on the acquisition of Linear was \$33.0 million in 2016, while a complementary business acquired in 2016 contributed \$1.3 million to goodwill. Acquisitions also contributed to the increase in intangibles assets, which increased \$45.8 million over 2015. Intangible assets recognized on the acquisition of Linear were \$55.9 million and we recognized \$2.7 million of intangibles on a complementary business acquisition completed in fiscal 2016. FX accounted for the remainder of the increase to intangible assets and these additions were partially offset by normal course amortization totaling \$12.8 million. Investments in equity accounted investees contributed \$7.9 million to the increase in total assets between 2016 and 2015. This increase was directly attributable to the acquisition of Linear in 2016, combined with our share of net income from these investments since acquisition. Finally, total current assets increased \$19.9 million between September 30, 2016 and 2015, due in part to higher trade and other receivables, which increased \$15.1 million. The increase in trade and other receivables was due to acquisitions, with Linear accounting for \$8.2 million of the increase, and organic growth in our business from new clients and market share gains with existing clients. Cash also increased \$4.8 million between 2016 and 2015 on higher cash generated from operations of \$4.2 million.

Total Long-Term Liabilities

2017-2016

Total long-term liabilities declined \$23.2 million or 63.3% between September 30, 2017 and 2016. Long-term debt declined \$14.4 million year-over-year due to our full repayment of amounts outstanding from a portion of the proceeds raised on the Offering. Other liabilities declined \$9.5 million between September 30, 2017 and 2016. The decline in other liabilities was due to the reclassification of contingent amounts payable to the sellers of Linear from other liabilities to accrued charges since the amount payable will be satisfied within a year.

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

2016-2015

Total long-term liabilities increased \$21.2 million at September 30, 2016 compared to September 30, 2015. Other liabilities were the largest contributor to the increase, increasing \$9.5 million year-over-year. Amounts payable at September 30, 2016 represented contingent amounts payable to the sellers of Linear. There were no comparable amounts due at September 30, 2015. Long-term debt also increased \$5.6 million year-over-year. This increase was due in part to the acquisition of Linear and a complementary business in 2016, partially offset by required repayments from excess cash balances. The fair value of warrant liabilities increased \$5.6 million year-over-year. The primary reason for this increase was the rise in the fair value attributed to our common shares.

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Summary of Quarterly Results

2017	Q4	Q3	Q2	Q1 ⁽¹⁾	Total
Revenues					
U.S.	\$ 74,233	\$ 67,664	\$ 57,593	\$ 71,752	\$ 271,242
Canada	8,659	9,008	6,925	7,142	31,734
Total revenues	\$ 82,892	\$ 76,672	\$ 64,518	\$ 78,894	\$ 302,976
Net loss	\$ (3,822)	\$ (8,754)	\$ (8,908)	\$ (2,285)	\$ (23,769)
Net loss - attributable to common shareholders	\$ (3,886)	\$ (8,813)	\$ (8,980)	\$ (2,335)	\$ (24,014)
Net loss per weighted average share, basic	\$ (0.04)	\$ (0.11)	\$ (0.12)	\$ (0.03)	\$ (0.30)
Net loss per weighted average share, diluted	\$ (0.04)	\$ (0.11)	\$ (0.12)	\$ (0.03)	\$ (0.30)

2016	Q4	Q3	Q2	Q1	Total
Revenues					
U.S.	\$ 72,231	\$ 67,185	\$ 40,332	\$ 38,519	\$ 218,267
Canada	8,752	9,470	6,086	5,972	30,280
Total revenues	\$ 80,983	\$ 76,655	\$ 46,418	\$ 44,491	\$ 248,547
Net income (loss)	\$ 1,634	\$ (1,058)	\$ (6,430)	\$ (225)	\$ (6,079)
Net income (loss) - attributable to common shareholders	\$ 1,487	\$ (1,113)	\$ (6,430)	\$ (225)	\$ (6,281)
Net income (loss) per weighted average share, basic ⁽¹⁾	\$ 0.02	\$ (0.01)	\$ (0.10)	\$ (0.00)	\$ (0.09)
Net income (loss) per weighted average share, diluted ⁽¹⁾	\$ 0.02	\$ (0.01)	\$ (0.10)	\$ (0.00)	\$ (0.09)

Note

⁽¹⁾ Net income or loss per weighted average share, basic and diluted, has been restated to reflect the share consolidation (on the basis of one (new) for every two (old) common shares) which took effect immediately prior to the closing of the Offering.

Revenues

U.S. Segment

	Q4	Q3	Q2	Q1	Total
2017	\$ 74,233	\$ 67,664	\$ 57,593	\$ 71,752	\$ 271,242
2016	\$ 72,231	\$ 67,185	\$ 40,332	\$ 38,519	\$ 218,267
Change	\$ 2,002	\$ 479	\$ 17,261	\$ 33,233	\$ 52,975

U.S. segment revenues increased in the first quarter of fiscal 2017 compared to the same quarter last year. Acquisitions accounted for the majority of the increase in revenues. Excluding acquisitions, the increase in revenues was due to growth in appraisal volumes and market share gains with existing clients. Revenues from the acquisition of Linear outperformed expectations due to higher volumes of mortgage refinancing's in the first quarter of fiscal 2017.

Second quarter U.S. segment revenues improved compared to the same quarter last year. Acquisitions accounted for a significant portion of this increase. Excluding acquisitions, revenues increased on growth in appraisal volumes from new clients and market share gains with existing clients. Our second quarter results were impacted by a decline in U.S. residential mortgage refinance volumes, which the MBA estimates declined by 10% from the same quarter last year.

U.S. segment revenues increased in the third quarter of fiscal 2017. Despite the market decline as estimated by the MBA, appraisal revenues increased organically due to growth in appraisal volumes from new clients and market share gains with existing appraisal clients. Our title and closing revenues grew organically, and included lower margin revenues due to service revenue mix, when adjusting for the MBAs estimate of the market decline. Acquisitions also contributed to third quarter revenue growth. The U.S. residential mortgage declined approximately 9% as estimated by the MBA.

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U.S. segment revenues increased in the fourth quarter of fiscal 2017. Despite the market decline as estimated by the MBA, we grew appraisal volumes from new clients and market share gains with existing clients. When adjusting for the MBAs estimate of the market decline, title and closing revenues grew organically, but included lower margin revenues due to service revenue mix. In total, title and closing revenues were lower in the fourth quarter of 2017 compared to the same quarter last year due to lower refinance volumes resulting from a higher current period interest rate environment. Acquisition revenue increased title and closing revenues due to an amendment to a joint venture agreement which now requires us to consolidate the entity.

Canadian Segment – expressed in thousands of C\$

	Q4		Q3		Q2		Q1		Total	
2017	\$	10,905	\$	12,091	\$	9,161	\$	9,527	\$	41,684
2016	\$	11,455	\$	12,355	\$	8,367	\$	7,973	\$	40,150
Change	\$	(550)	\$	(264)	\$	794	\$	1,554	\$	1,534

Revenues in Canada increased in the first quarter of fiscal 2017 compared to the first quarter of fiscal 2016 due to higher appraisal volumes from increased market share.

Second quarter revenues in Canada increased compared to the same quarter last year. We managed higher appraisal volumes in the second quarter of fiscal 2017 as a result of increased market share with existing clients.

Third quarter revenues in Canada declined due to modestly lower appraisal volumes from a comparative decline in market activity.

Revenues in Canada declined nominally in the fourth quarter of fiscal 2017. We managed modestly lower appraisal volumes in the fourth quarter this year due to a decline in Canadian market activity.

Net (loss) income

	Q4		Q3		Q2		Q1		Total	
2017	\$	(3,822)	\$	(8,754)	\$	(8,908)	\$	(2,285)	\$	(23,769)
2016	\$	1,634	\$	(1,058)	\$	(6,430)	\$	(225)	\$	(6,079)
Change	\$	(5,456)	\$	(7,696)	\$	(2,478)	\$	(2,060)	\$	(17,690)

Net loss or income generally follows the rise and fall in revenues due to the seasonal nature of our business. Net loss or income is also impacted by changes in stock-based compensation expense, acquisition and IPO recoveries or costs, amortization, impairment of assets, interest expense, interest income, net foreign exchange gains or losses, gains or losses on fair value of warrants and re-measurement losses on a previously held equity method investment which are not tied to the seasonal nature of our business and which fluctuate with other non-operating variables. Net income tax expense or recovery and net income or loss from equity accounted investees also impacts net loss or income.

Our net loss in the first quarter of fiscal 2017 was greater than the net loss we posted in the first quarter of fiscal 2016. The decline was due to a higher loss on fair value of warrants due to an increase in the fair value of our common shares used to value our warrant liabilities and higher amortization expense due to acquisitions completed in 2016, which resulted in higher intangible asset amortization in the first quarter of fiscal 2017. These higher expenses were partially offset by stronger current period Adjusted EBITDA^(A) related to organic and acquisition growth, and a significant foreign exchange gain from the revaluation of long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies. Higher Adjusted EBITDA^(A) led to higher income tax expense recognized in the period which in isolation negatively impacted net loss.

Our net loss in the second quarter of fiscal 2017 was higher than the same period in 2016. An asset impairment charge recognized on two investments in equity accounted investees was the single largest contributor to the increase. Other factors included higher amortization expense from higher intangible amortization due to acquisitions completed in 2016

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and lower Adjusted EBITDA^(A). Higher appraiser costs incurred in conjunction with onboarding and deploying our platform with new clients, the hire of additional staff to further enhance and support our platform to accommodate both our short and longer-term growth strategies and new hires for public company readiness, resulted in higher payroll and related costs which led to lower Adjusted EBITDA^(A). We also incurred higher IPO costs from third party professionals and consultants. Partially offsetting these increases were lower losses on the fair value of warrants due to a higher increase in the fair value of common shares used to value warrant liabilities in the comparative period and an increase in deferred income tax recoveries. Higher deferred income tax recoveries were due to lower deferred income tax liabilities from intangible asset amortization related to intangibles recognized on acquisitions completed in 2016, the asset impairment charge recognized on two equity accounted investees, coupled with an increase in deferred income tax assets from tax loss carryforwards.

Our net loss in the third quarter of fiscal 2017 was higher than the same quarter last year. Higher operating expenses was the primary reason for the increase in comparative net losses, the majority of which was due to stock-based compensation expense. We did not incur stock-based compensation expense in the third quarter of fiscal 2016 as none of the issued and outstanding options had vested. Higher payroll and related costs also contributed to higher net losses in the third quarter of fiscal 2017 due to our investment in new client deployments to support growth from market share gains from these recently deployed clients. Together, legal, bad debt and office rent expense increased in aggregate as the result of various legal matters, including supporting our defense position in a collective action law suit, providing for accounts receivable at risk of collection, and higher facilities expenses incurred for our new Denver operating facility. Higher net foreign currency exchange losses also contributed to higher net losses in the third quarter this year due to non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies. Net losses in the third quarter of 2017 were also higher due to the amendment of an operating agreement with one of our joint venture partners. This amendment resulted in us obtaining control over the joint venture and required us to re-measure our original investment. Finally, we recorded a higher loss in the current quarter from the fair value of warrants. These amounts were partially offset by higher income tax recoveries attributable to higher recorded losses before income tax in the third quarter of fiscal 2017.

We posted a net loss in the fourth quarter of fiscal 2017 compared to net income in the fourth quarter of fiscal 2016. Higher net foreign currency exchange losses was the primary reason for the net loss in the fourth quarter this year due to non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies from a strengthening Canadian dollar relative to its U.S. counterpart. Lower Adjusted EBITDA^(A) also contributed to the fourth quarter loss in fiscal 2017 on lower Net Revenue^(A) and higher operating costs. Lower Net Revenue^(A) was due to revenue mix, lower comparative mortgage origination volumes, partially offset by new client volumes and market share gains with existing clients. Higher operating expenses reflect stock-based compensation expense, which we did not have in 2016, and higher professional fees. Higher payroll and related costs also increased operating costs in our U.S. segment due to our investment in new client deployment to support growth from market share gains with recently deployed clients. Higher payroll and related costs were partially offset by lower payroll costs as we began the transition of our title and closing service offering to a network managed offering. The balance of the increase is due to higher computer costs and higher provisions for certain receivables. Higher income tax recoveries partially offset these contributions to higher net losses in the fourth quarter this year compared to the same period last year. Higher income tax recoveries were due to higher net losses before income tax for the reasons outlined above. We also recorded a recovery in the fourth quarter this year on the settlement of certain amounts owing to the sellers of Linear, incurred lower amortization expense due to fully amortized assets and recognized lower losses on the fair value of warrant liabilities due to a lower share price during, and at the end of, the fourth quarter of fiscal 2017 compared to third quarter this year.

Net (loss) income per weighted average share, basic and diluted

Net loss per weighted average share was higher in the first quarter of fiscal 2017 compared to the same period last year due to higher net losses, details of which are outlined above. The issuance of shares as consideration to the sellers of Linear impacted our weighted average share count, basic and diluted, while stock option grants and forfeitures account for the comparative change in our diluted weighted average share count. These changes only had a modest impact on the net loss per share recognized comparatively.

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Net loss per weighted average share was higher in the second quarter of fiscal 2017 than the second quarter of fiscal 2016 due to higher net losses in the quarter, details of which are outlined above. The issuance of shares as consideration to the sellers of Linear and additional shares issued for no consideration as a result of not completing our IPO before the end of calendar year 2016, impacted our fiscal 2017 second quarter weighted average share count, basic and diluted. The comparative change in our diluted weighted average share count was also impacted by stock option grants and forfeitures. These changes only had a modest impact on the net loss per share amounts.

Net loss per weighted average share was higher in the third quarter of fiscal 2017 than the third quarter of fiscal 2016 due to higher net losses in that quarter, details of which are outlined above. The issuance of additional shares for no consideration as a result of not completing our IPO before the end of calendar year 2016 and the successful completion of our IPO in the third quarter of fiscal 2017 impacted our fiscal 2017 third quarter weighted average share count, basic and diluted. In addition, the comparative change in our diluted weighted average share count was impacted by stock option grants and forfeitures and the exercise of certain warrants. These changes only had a modest impact on the net loss per share amounts.

Net loss per weighted average share was higher in the fourth quarter of fiscal 2017 than the fourth quarter of fiscal 2016 due to higher net losses in the current quarter, details of which are outlined above. The issuance of additional shares for no consideration as a result of not completing our IPO before the end of calendar year 2016 and the successful completion of our IPO in the third quarter of fiscal 2017 impacted our fiscal 2017 fourth quarter weighted average share count, basic and diluted. In addition, the comparative change in our diluted weighted average share count was impacted by stock option grants and forfeitures and the exercise of certain warrants. These changes only had a modest impact on the net loss per share amounts.

Financial Condition

Select Consolidated Balance Sheet Information

	As at September 30, 2017			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 30,667	\$ 1,433	\$ -	\$ 32,100
Intangibles	\$ 36,837	\$ -	\$ 34	\$ 36,871
Goodwill	\$ 58,890	\$ -	\$ -	\$ 58,890
Working capital position -(current assets less current liabilities)	\$ 32,667	\$ 158	\$ 48,557	\$ 81,382

	As at September 30, 2016			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 27,267	\$ 1,945	\$ -	\$ 29,212
Intangibles	\$ 56,106	\$ -	\$ 412	\$ 56,518
Goodwill	\$ 56,643	\$ -	\$ -	\$ 56,643
Working capital position -(current assets less current liabilities)	\$ 10,429	\$ (54)	\$ 221	\$ 10,596

Trade and other receivables – September 30, 2017 versus September 30, 2016

Change - Consolidated	\$ 2,888
Change - U.S.	\$ 3,400
Change - Canada	\$ (512)
Change - Corporate	\$ -

The increase in trade and other receivables was due to higher outstanding amounts in our U.S. segment, partially offset by a decline in the Canadian segment. The increase in U.S. segment trade and other receivables is due to higher appraisal volumes, specifically with recently launched Tier 1 clients, partially offset by higher provisions for certain receivables. The decline in Canadian segment trade and other receivables was due to the timing of payments from two Canadian client's whose outstanding balance on September 30, 2017 were more current than they were on September 30, 2016.

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Intangibles – September 30, 2017 versus September 30, 2016

Change - Consolidated	\$	(19,647)
Change - U.S.	\$	(19,269)
Change - Canada	\$	-
Change - Corporate	\$	(378)

The decline in intangibles was due to normal course amortization recorded by our U.S. and Corporate segments.

Goodwill – September 30, 2017 versus September 30, 2016

Change - Consolidated	\$	2,247
Change - U.S.	\$	2,247
Change - Canada	\$	-
Change - Corporate	\$	-

In the third quarter of fiscal 2017, we amended an operating agreement with a joint venture partner, effectively obtaining control of the joint venture on April 1, 2017. The equity method of accounting was discontinued in conjunction with the amendment and we applied the business combination guidance which resulted in us recognizing goodwill of \$2.2 million. In addition, we purchased the remaining ownership interest in another joint venture which also resulted in us recognizing a nominal amount of goodwill in the third quarter of fiscal 2017.

Working capital position – September 30, 2017 versus September 30, 2016

Change - Consolidated	\$	70,786
Change - U.S.	\$	22,238
Change - Canada	\$	212
Change - Corporate	\$	48,336

Our consolidated working capital position improved by \$70.8 million at September 30, 2017 versus September 30, 2016. The improvement was due to a \$48.3 million increase in our Corporate segment's working capital position due to excess cash proceeds from the Offering. Our U.S. segment also contributed to the increase due to lower accrued charges and trade payables.

Our U.S. segment working capital position increased due to lower trade payables of \$7.0 million, lower accrued charges of \$14.0 million, and lower current amounts owing for long-term debt of \$1.4 million. In November 2016, we elected to pay our appraisal vendors faster to further strengthen our relationships with them. Electing to pay trade payables faster had a similar impact on our recorded cash amounts and the resulting decline in cash was partially offset by cash generated from operating activities in fiscal 2017 net of investment and financing activities. Lower accrued charges reflect the payment of accrued amounts due to the sellers of Linear in respect of the year-one earn-out of \$20.0 million. The payment of this amount, and resulting decline in accrued charges, was partially offset by the reclassification of the year-two earn-out of \$9.7 million from other long-term liabilities to accrued charges. The payment of certain accrued bonus and other accruals recorded at September 30, 2016 and paid in fiscal 2017 represented the balance of the decline in accrued charges. In connection with the Offering, a portion of the proceeds raised were applied to the full repayment of amounts drawn under our long-term debt facilities, resulting in lower amounts payable on long-term debt at September 30, 2017 versus September 30, 2016.

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

Disclosure of outstanding share capital

	September 30, 2017	
	Shares	\$
Common shares	87,532	259,625
Preferred shares	-	-
Total contributed equity	87,532	259,625

	November 27, 2017	
	Shares	\$
Common shares	87,939	261,234
Preferred shares	-	-
Total contributed equity	87,939	261,234

Shareholders' equity – Prior to the Offering

Prior to the Offering, our authorized share capital consisted of an unlimited number of Class A and Class B common shares, issuable in series, having no par value. At that time, there were 153.6 million Class A common shares and no Class B common shares issued and outstanding.

Changes to share capital

We completed a secondary private placement of 7.8 million Class A common shares in November 2016, receiving no proceeds from the sale. The Class A common shares held by the selling shareholders were purchased by both current and new shareholders. The issue price for each Class A common share was C\$5.25.

In connection with a private placement completed in April 2016, we agreed to issue an additional 1.5 million Class A common shares for no consideration if we did not complete an IPO before the end of calendar year 2016. In January 2017, we issued 1.5 million Class A common shares since we had not completed our IPO.

In February 2017, 1.8 million Class A common shares were issued on the exercise of stock options.

Shareholders' equity – subsequent to the Offering

Immediately prior to the closing of the Offering, we amended our articles (the "share reorganization") to effect the following share capital changes:

- consolidated our Class A shares on a two (2) for one (1) basis pursuant to a share consolidation;
- increased our authorized share capital by creating an unlimited number of preferred shares, issuable in series;
- decreased our authorized share capital by deleting the Class B shares and all rights, privileges, restrictions and conditions attached thereto; and
- re-designated the post-share consolidation Class A shares as common shares.

As a result of these changes, our authorized share capital comprises an unlimited number of common shares, of which 77.2 million common shares were issued and outstanding immediately prior to the completion of the Offering, and an unlimited number of preferred shares, none of which were issued and outstanding.

Following the share reorganization, the Offering of 12.1 million common shares consisted of a treasury share issuance of 9.6 million common shares and a secondary offering of 2.5 million common shares by certain selling shareholders. The Offering price of C\$13.00 resulted in net proceeds to us of C\$117.6 million and C\$29.8 million to the selling shareholders.

Common Shares

Common shareholders are entitled to one vote in respect of each common share held and receive dividends, as and when determined by the board of directors. In the event of the liquidation, dissolution or wind-up of the Company or other

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distribution of assets of the Company among shareholders for the purpose of winding-up the Company's affairs, common shares shall rank equally as to priority of distribution. Such distribution shall be made in equal amount per common share on all the common shares outstanding without preference or distinction.

Preferred Shares

The board of directors has authority, without action by the common shareholders, to designate and issue an unlimited number of preferred shares in one or more series and to designate the rights, preferences and privileges of each series. The preferred shares of each series will rank on par with the preferred shares of every other series and, if so designated by the board of directors, will be entitled to preference over the common shares with respect to the payment of dividends and distribution of any assets in the event of the Company's liquidation, dissolution or wind-up. Where the Company does not pay cumulative dividends in full with respect to a series of its preferred shares, the shares of all series of preferred shares will participate rateably with respect to the accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full.

The issuance of preferred shares and the terms selected by the board of directors could decrease the amount of earnings and assets available for distribution to holders of common shares and/or adversely affect the rights and powers, including the voting rights, of common shareholders without any further vote or action by the shareholders. Any series of preferred shares issued by the board of directors could have priority over the common shares in terms of dividend or liquidation rights or both. The issuance of preferred shares, or the issuance of rights to purchase preferred shares, could make it more difficult for a third party to acquire a majority of our outstanding voting shares and thereby have the effect of delaying, deferring or preventing a change of control of the Company or an unsolicited acquisition proposal, and could make the removal of management more difficult. We have no current intention to issue any preferred shares.

Warrants

We issued a number of special warrants (the "Special Warrants") which are exchangeable into share purchase warrants (the "Purchase Warrants") by the holders. All outstanding Special Warrants were automatically converted into Purchase Warrants on the completion of the Offering by the Company together with other satisfied events. All Purchase Warrants expire between two and five years following the date of our IPO.

From May 11, 2017 to September 30, 2017, 435 warrants were exercised through a cashless conversion, resulting in the issuance of 388 common shares, and an additional 239 warrants were exercised for 239 common shares.

At September 30, 2017, warrants outstanding and exercisable to acquire common shares totaled 1.7 million, after giving effect to the share capital changes outlined above. All outstanding warrants have an exercise price of C\$1.38.

Stock options

In conjunction with the closing of the Offering, we awarded certain executive officers, directors and employees 1,325 stock options all having an exercise price equal to the Offering price of C\$13.00.

Since the Offering, we awarded certain employees an aggregate of 70 stock options. In fiscal 2017, 1,483 stock options were exercised, of which 495 were exercised on a cashless basis, resulting in the issuance of 1,407 common shares. In addition, 329 stock options were forfeited in fiscal 2017.

Liquidity and Capital Resources

Contractual obligations	September 30, 2017					
	Total	Less than 1 year	Payments due			
			1-3 years	4-5 years	After 5 years	
Operating leases	\$ 10,213	\$ 2,282	\$ 3,273	\$ 2,262	\$ 2,396	
Capital leases	580	410	170	-	-	
Contingent acquisition payables	9,813	9,813	-	-	-	
Total contractual obligations	\$ 20,606	\$ 12,505	\$ 3,443	\$ 2,262	\$ 2,396	

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Long-term debt

Summarized details of our long-term debt facilities at September 30, 2017 are as follows:

	Available lending	Facility drawn	Available capacity ⁽¹⁾
Senior term facilities			
2016 facility	\$ 27,000	\$ -	\$ 19,500
2015 facility	\$ 20,000	\$ -	\$ 10,000
Revolving credit facility - expressed in C\$			
Revolving credit facility	\$ 15,000	\$ -	\$ 15,000

Note

⁽¹⁾ Available capacity is subject to senior funded debt to EBITDA and fixed charge coverage ratios, and unfunded capital expenditures in respect of our senior term facilities, and good quality receivables in respect of our revolving credit facility.

In accordance with the terms of our long-term debt facilities, any amounts drawn under the term loans are subject to mandatory prepayment from proceeds received on the issuance of equity. Accordingly, all amounts previously drawn on the senior term facilities prior to the Offering were paid in full from the proceeds received on the Offering.

*Senior funded debt to EBITDA and fixed charge coverage ratios
(as defined and calculated in accordance with the agreement)*

	September 30	
	2017	2016
Senior funded debt to EBITDA	0.06	1.02
Senior funded debt to EBITDA - maximum	3.00	3.25
Fixed charge ratio	18.03	7.56
Fixed charge ratio - minimum	1.20	1.20

On September 30, 2017, there were no advances under the senior term facilities or revolving credit facility. Available capacity under the revolving facility was C\$15.0 million and \$29.5 million under the senior term facilities at September 30, 2017. Our senior funded debt to EBITDA ratio (as defined and calculated in accordance with the agreement) was 0.06 times.

At September 30, 2017, we were not in default of our covenants under the long-term debt facilities.

Long-term debt facilities – September 30, 2017

On March 31, 2016, in connection with the acquisition of Linear, we entered into our first amendment to a second amended and restated term sheet amplification agreement with Bank of Montreal and Bank of Montreal, Chicago Branch (the “agreement”). The agreement made available a C\$15.0 million revolving credit facility and two term loans of \$20.0 million and \$27.0 million, each. The revolving credit facility (the “revolver”) is available for working capital and general operating requirements and the term loans were used in conjunction with certain business acquisitions.

Repayments on the revolver are interest only until the date of maturity, April 30, 2020. Total advances under the revolver cannot exceed 75% of our trade receivables, excluding trade receivables that are past due by 60 days or greater, and up to 120 days or greater in certain circumstances, subject to certain adjustments (“good quality receivables”). The revolver can be drawn in either Canadian or U.S. funds, subject to Canadian prime or U.S. base rates of interest, bankers’ acceptances or letters of credit. The senior term facilities are available for certain completed or permitted acquisitions and general working capital and general corporate purposes. The term loans amortize at a rate of 2% quarterly, 8% annually, over a five-year period with the remaining unamortized balance due at maturity, being May 1, 2020 and April 1, 2021, respectively. The term loans can consist of: (i) Canadian or U.S. prime rate advances, subject to interest at the Canadian prime or U.S. base lending rate, respectively, plus the applicable credit spread, (ii) a LIBOR loan, bearing interest at LIBOR plus the applicable credit spread, or (iii) Canadian bankers’ acceptances (“BAs”), bearing interest at BAs plus the

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applicable credit spread. The term loans are subject to mandatory prepayment conditions, including: 50% of the excess annual cash flow if the senior funded debt to EBITDA ratio is greater than 3.0:1.0; 100% of the proceeds from equity or debt securities issued by the Company, including any sale or disposition of assets that is not in the ordinary course and that aren't reinvested within 180 days; and, proceeds from insurance claims not otherwise reinvested within 180 days from receipt.

Applicable spreads vary based on senior funded debt to EBITDA levels ranging from under 1.0 times to over 3.0 times. Canadian and U.S. prime/base rate advances are subject to an applicable spread between 25 and 175 basis points. BAs and LIBOR loans are subject to an applicable spread between 150 and 300 basis points and we incur a standby fee of between 40 and 60 basis points on unused drawings.

Included in the long-term debt facility is a treasury risk management facility of up to C\$0.5 million to facilitate hedges of foreign currency exchange risk between the Canadian and U.S. dollar occurring in the normal course of business. This facility may be used to facilitate the use of foreign currency exchange contracts for up to one year. We bear fees determined by the lenders' treasury department on a per transaction basis. In addition, the long-term debt facility provides us with a corporate credit card facility of up to C\$0.8 million to assist with the management of corporate expenses.

The long-term debt facility is secured by a general security agreement, which provides the lender with a first, fixed and floating charge over all assets, including intellectual property, an unlimited guarantee and postponement of claim by all wholly owned subsidiaries, and certain other securities.

Risks and restrictions

Our revolving and senior term facilities are subject to interest rate fluctuations with bank prime, BAs or LIBOR. All drawings, if any, are subject to interest rate risk. Since we currently have no amounts drawn on our revolving or senior term facilities, a rise or fall in the variable interest rate does not impact interest expense.

We are obligated under the terms of our long-term debt facilities to repay all remaining amounts outstanding, if any, at maturity. A failure to comply with the terms of the long-term debt facilities could result in an event of default which, if not cured or waived, could accelerate repayment of the underlying indebtedness. If repayment of the facility, when amounts are outstanding, were to be accelerated, there can be no assurance that our assets would be sufficient to repay these facilities in full.

Cash flows

	Year ended September 30		
	2017	2016	Change
Cash flows generated from (utilized in):			
Operating activities	\$ (8,523)	\$ 4,191	\$ (12,714)
Investing activities	\$ (1,228)	\$ (48,088)	\$ 46,860
Financing activities	\$ 51,227	\$ 48,831	\$ 2,396

Year ended

Operating activities

Cash utilized in operating activities was \$8.5 million in fiscal 2017 and \$12.7 million higher than fiscal 2016. Higher uses of cash from non-cash working capital changes increased \$3.1 million over last year. Electing to pay appraisers faster increased our use of cash attributable to trade payables by \$7.8 million. Changes in accrued charges and net foreign exchange losses on long-term financing arrangements between a Canadian and U.S. entity, were partially offset by lower cash uses for trade and other receivables, foreign currency translation adjustments and other non-cash changes. The balance of the decline in cash generated from operating activities was due to a decline in Adjusted EBITDA^(A) of \$3.4 million in fiscal 2017 versus fiscal 2016. Changes to Adjusted EBITDA^(A) are outlined in the Review of Operations section of this MD&A.

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Investing activities

Cash utilized in investing activities declined \$46.9 million in fiscal 2017 compared to fiscal 2016 due to lower acquisition investments of \$46.6 million. In fiscal 2016, we utilized cash to acquire Linear and a complementary business, which contrasts with the current year inflow resulting from us obtaining control of certain joint ventures, including their cash, that were previously accounted for as equity accounted investees for nominal consideration. We also incurred a loss in fiscal 2016 of \$0.7 million for a foreign currency exchange agreement entered into in advance of, and in connection with, our acquisition of Linear. Higher investments in property and equipment in fiscal 2017 of \$0.3 million partially offset the decline in acquisition investments and realized losses on a foreign currency exchange agreement. In fiscal 2017, the build out of our new Denver facility was the primary reason for the increase in investments in property and equipment.

Financing activities

Cash generated from financing activities increased \$2.4 million in fiscal 2017 versus fiscal 2016. In fiscal 2016, we raised equity and drew on our debt facilities to support the purchase of Linear and a complementary business acquisition, representing a combined cash inflow of \$49.5 million. In fiscal 2017, we completed the Offering, raising net proceeds of \$87.8 million. We used a portion of these proceeds to repay our long-term debt facilities in satisfaction of the mandatory repayment requirements attached thereto, coupled with normal course long-term debt repayments, totaling \$16.4 million. We also used a portion of these proceeds to pay \$20.0 million to the sellers of Linear due to their achievement of the year-one earn-out. Combined, this represented a net cash inflow of \$51.4 million in fiscal 2017. The balance of the change was the result of nominal changes in deferred financing costs, finance lease obligations, lease incentives, dividends paid to non-controlling interests and proceeds from the exercise of stock options and warrants, net of issue costs.

Critical Accounting Estimates

General

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

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

Revenue recognition

Transactions that contain separately identifiable components must be recognized at the fair value of consideration received or receivable to reflect the substance of the transaction. We are required to make judgments about the fair value of each component, including its allocation to each separately identified component, by considering the following: our overall pricing objectives, the market in which the transaction occurs, the uniqueness of each component, the work performed, the size of the transaction and any historical sales and contract prices.

Accordingly, we apply judgment in our assessment of whether we are acting as an agent or principal in a transaction. When we don't have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services we are acting as an agent in the transaction. We act as a principal in the transaction when we have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. We consider these factors, amongst others, in our assessment.

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Goodwill

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

The carrying value of a CGU or group of CGUs is compared to its recoverable amount, where the recoverable amount is the higher of fair value less cost to sell and its value in use. The value in use for a CGU or group of CGUs is determined by discounting three-year cash flow projections from financial forecasts developed by management. Projections reflect past experience and future expectations of operating performance. We applied perpetuity growth rates to cash flows in the terminal year. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate. The discount rates applied to the cash flow projections are derived from the weighted average cost of capital for each CGU or group of CGUs.

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

Business combinations

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

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

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

Warrants

We use the Black-Scholes-Merton option pricing model to estimate the fair value of warrant liabilities, which requires the use of several input variables. These input variables are subject to estimate and changes in these inputs can materially

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impact the estimated fair value of warrant liabilities. The fair value reported may not represent the transaction value if these warrants were exchanged at a future date.

Income taxes

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

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

The recognition of deferred tax assets related to unutilized loss carryforwards is supported by our historical and expected ability to generate income subject to tax and other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets stemming from unutilized loss carryforwards may not be available to us prior to their expiry. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards prior to their expiry. Should we not be able to realize our deferred tax assets attributable to loss carryforwards, we would record a deferred income tax expense in the period when we determined the likelihood of realizing these losses was less likely than not. Our maximum exposure is equal to the carrying amount of the deferred tax asset attributable to loss carryforwards, \$6.4 million at September 30, 2017. Accordingly, due to our historical ability to generate income subject to tax and based on our expectations for the future, we view the risk of not realizing these deferred tax assets as low.

Other

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

New Accounting Policies Adopted or Requiring Adoption

Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board (“IASB”) issued IFRS 15 “Revenue from Contracts with Customers” (“IFRS 15”), which replaces IAS 18 “Revenue”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programmes”, as well as various other interpretations applicable to revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. The core principle of IFRS 15 requires an entity to recognize revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation. IFRS 15 also contains enhanced disclosure requirements. This new standard is effective for annual periods beginning on or after January 1, 2018 and will be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. Early adoption is permitted. Based on

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our preliminary assessment, we do not expect the implementation of IFRS 15 to have a significant impact on revenue recognition. However, a detailed assessment is still on-going. We have not yet determined which transition method we will apply or whether we will use the optional exemptions or practical expedients available.

Accounting for Acquisitions of Interest in Joint Arrangements

In May 2014, the IASB issued amendments to IFRS 11 “Accounting for Acquisitions of Interest in Joint Arrangements (“IFRS 11”). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 “Business Combinations” (“IFRS 3”). Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring for annual periods beginning on or after January 1, 2016. This guidance did not have an impact on our consolidated financial statements.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments” (“IFRS 9”). IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include classification and measurement requirements for financial liabilities and derecognition. In November 2013, follow on amendments included new requirements for general hedge accounting. The final revision to IFRS 9 was issued in July 2014, which included impairment requirements for financial assets and limited amendments to the classification and measurement requirements for certain simple debt instruments. The new standard established a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity’s own credit risk relating to financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and permits early adoption. Based on an analysis of our financial assets and financial liabilities, they are expected to continue to be measured on the same basis. We anticipate that the application of the expected credit loss model of IFRS 9 may result in earlier recognition of credit losses for trade receivables. Since we currently do not apply hedge accounting, the new requirements for general hedge accounting are not applicable.

Disclosure Initiative

In December 2014, the IASB issued Disclosure Initiative Amendments to IAS 1 “Presentation of Financial Statements” as part of the IASB’s Disclosure Initiative. These amendments encourage entities to apply professional judgment regarding disclosure and presentation in their financial statements and are effective for annual periods beginning on or after January 1, 2016. This guidance did not have an impact on our consolidated financial statements.

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 “Statement of Cash Flows”, which is also part of the IASB’s Disclosure Initiative. These amendments require entities to provide additional disclosures to enable financial statement users to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The impact of these amendments will result in additional disclosures in the notes to our consolidated financial statements, where applicable.

Leases

In January 2016, the IASB issued IFRS 16 – “Leases” (“IFRS 16”), which replaces IAS 17 - Leases (“IAS 17”) and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying value of the asset is low. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach for annual periods beginning on or after January 1, 2019. Early adoption of IFRS 16 is permitted if IFRS 15 has also been applied. We intend to adopt the standard using the modified retrospective approach but currently have no intention of early adopting the standard. As at September 30, 2017, we have operating

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lease commitments of \$10.0 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and we expect to recognize new assets and liabilities in respect of these operating leases, which principally relate to office space, upon adoption of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have an impact on the amounts recognized in our consolidated financial statements but we are still conducting a detailed assessment to determine the potential impact. In addition, the nature and timing of expenses related to these leases will change as IFRS 16 replaces straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. For finance leases where we are a lessee and have already recognized an asset and a related finance lease liability for the lease arrangement, we do not anticipate the application of IFRS 16 will have a significant impact on the amounts recognized in our consolidated financial statements.

Income Taxes

In January 2016, the IASB issued “Recognition of Deferred Tax Assets for Unrealized Losses”, an amendment to IAS 12 – “Income Taxes” (“IAS-12”). The amendments address accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The implementation of these amendments is not expected to have a significant impact on our consolidated financial statements.

Share-Based Payment

In June 2016, the IASB issued amendments to IFRS 2 – “Share-based Payment” which clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and modifications to the terms and conditions that change the classification of the transactions. These amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The implementation of these amendments is not expected to have a significant impact on our consolidated financial statements.

Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRS Interpretation Committee 23 – “Uncertainty over Income Tax Treatments”. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or together with one or more uncertain tax positions and, in making such assessment, an entity is required to assume that the taxation authority will examine amounts it has a right to examine and has full knowledge of all information when making its examination. An entity must also consider the probability that the taxation authority will accept an uncertain tax treatment used, or proposed to be used, by the entity in its income tax filings and reassess any judgments and estimates made if the facts and circumstances change or new information becomes available. The effective date of the interpretation is for annual periods beginning on or after January 1, 2019 applied retrospectively or using a modified retrospective application without restatement of comparatives. Earlier application is permitted. The adoption of the interpretation is not expected to have a significant impact on our consolidated financial statements.

Financial Instruments

Credit risk

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

Cash and cash equivalents

Certain management are responsible for determining which financial institutions we bank and hold deposits with. Management typically selects financial institutions that it has a relationship with and those deemed by management to be of sufficient size, liquidity, and stability. Management reviews its exposure to credit risk from time-to-time or as conditions indicate that its exposure to credit risk has or is subject to change. Our maximum exposure to credit risk is the fair value of cash and cash equivalents recorded on our consolidated statement of financial position as at September 30,

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

2017, \$71.6 million (September 30, 2016 – \$26.7 million). We hold no collateral or other credit enhancements as security over our cash or cash equivalent balances. We deem the credit quality of our cash and cash equivalent balances to be high and no amounts are impaired.

Trade and other receivables

We are subject to credit risk on our trade and other receivables in the normal course of business. Our maximum exposure to credit risk is the fair value of trade and other receivables recorded on our consolidated statement of financial position as at September 30, 2017, \$32.1 million (September 30, 2016 - \$29.2 million). We may perform credit checks or accept payment or security in advance to limit our exposure to credit risk. Our client base is sufficiently diverse, and consists of banks and mortgage lending institutions that are of sufficient size and capitalization, to mitigate a portion of any exposure we have to credit risk. We have also assigned various employees to carry out collection efforts in a manner consistent with our trade receivable and credit and collections policies. These policies establish procedures to manage, monitor, control, investigate, record and improve trade receivable credit and collection. We also have policies and procedures which establish estimates for doubtful account allowances. These calculations are generally based on historical collection. We conduct specific account balance reviews, where practical, and consideration is given to the credit quality of the client, payment history, and other factors specific to the client, including bankruptcy or insolvency.

At September 30, 2017, we had one customer represent more than 10% (2016 – no customers represented more than 10%) of our total trade and other receivables.

Trade and other receivables deemed by management to be at risk of collection are provided for through an allowance account. When trade or other receivables are considered uncollectable, they are written-off against this account. Subsequent recoveries of amounts previously written-off are credited against the allowance account and subsequently recorded to operating expenses in our consolidated statement of operations and comprehensive income or loss. Management typically assesses aggregate trade and other receivables impairment applying our historical rate of collection giving consideration to broader economic conditions.

Trade and other receivables are generally due within 15 to 45 days from the invoice date. Accordingly, all amounts outstanding beyond this period are past due. Based on historical collections, we have been successful in collecting amounts that are not outstanding for greater than 90 days. We assess the credit quality of trade and other receivables that are neither past due nor impaired as high. Our maximum exposure to credit risk is equivalent to our net carrying amount. Trade and other receivables considered impaired at September 30, 2017 are not considered significant.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with the settlement of our financial liabilities. Our exposure to liquidity risk is due primarily to any reliance we may have on long-term debt financing. Certain management are responsible to ensure that we have sufficient short, medium and long-term liquidity. When amounts are drawn on our long-term credit facilities, we manage liquidity risk on a daily basis by monitoring actual and forecasted cash flows and monitoring our available liquidity. Management regularly monitors the financial terms and conditions attributable to its lending facilities and reports quarterly our compliance to the audit committee and its lender. We actively manage our liquidity and we are in regular contact with our lender.

Market risk

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Our exposure to currency risk is attributable to the exchange of U.S. monies to the Canadian dollar or vice versa. We may enter into FX agreements to mitigate our exposure to currency risk, however, as of the date of this MD&A, we have no FX agreements outstanding that require settlement. Accordingly, we are exposed to currency risk on U.S. dollars charged to our U.S. operations in the form of management fees, royalties and interest rates on long-term financings. To mitigate this risk, management uses discretion, and actively reviews its exposure to and need for FX agreements.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from our interest bearing financial assets and liabilities. We have certain financial assets and liabilities which are exposed to interest rate risk, the most notable of which are our long-term debt facilities when drawn. All long-term debt facilities are also subject to interest rate risk on maturity or renegotiation. An increase or decrease in the variable interest rate results in a corresponding increase or decrease to interest expense on principal amounts drawn under our long-term credit facilities. We are also subject to interest rate risk on any investments we make in cash equivalent, short-term investments.

Risk management objectives

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

Fair value methods and assumptions

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

Financial assets and liabilities recorded at fair value, as and where applicable, are recorded on our consolidated statement of financial position as accrued charges and warrant liabilities.

Financial Information Controls and Procedures

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including our President and Chief Executive Officer (“CEO”) and Executive Vice-President and Chief Financial Officer (“CFO”), to allow timely decisions regarding required disclosure.

As at September 30, 2017, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings.

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at September 30, 2017.

Internal control over financial reporting

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

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at September 30, 2017, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2017.

There have been no changes during the year ended September 30, 2017 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable Canadian securities laws that relate to our current expectations and views of future events including, in particular, the sections entitled “Strategy and Outlook” and “Liquidity and Capital Resources”. In some cases, these forward-looking statements can be identified by words or phrases such as “forecast”, “target”, “goal”, “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict”, or “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking statements and other forward-looking information are provided as of the date of this MD&A and are based on management’s opinions, estimates and assumptions in light of its experience and perception of historical trends, current trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including without limitation the factors set out below and discussed in detail in our Final Long Form Prospectus dated May 5, 2017, which can be found at www.sedar.com, under the heading “Important Factors Affecting Results from Operations” and outlined in the Strategy and Outlook section of this MD&A.

These forward-looking statements include, among other things, statements relating to:

- our expectations regarding certain of our future results and information, including, among others, revenue, expenses, Adjusted EBITDA^(A), Net Revenue^(A), sales growth, capital expenditures, operations and use of future cash flows;
- our anticipated cash needs and our need for additional financing;
- our ability to protect, maintain and enforce our intellectual property;
- third party claims of infringement or violation of, or other conflicts with, intellectual property rights;
- our plans for and timing of expansion of services;
- expectations regarding industry trends, overall market growth rates and our future growth rates, plans and strategies;
- the acceptance by our clients and the marketplace of new technologies and services;
- our ability to attract new clients and further develop and maintain existing clients;
- our ability to continue to attract and retain personnel;
- our expectations with respect to the advancement of our service offerings;
- our competitive position and the regulatory environment in which we operate;
- anticipated trends and challenges in our business and the markets in which we operate;
- our intentions with respect to the implementation of new accounting standards.

In addition, our assessment of, and targets for, revenues, market share, Net Revenue^(A) and Adjusted EBITDA^(A) margins are considered forward-looking information. See the “Strategy and Outlook” section of this MD&A for additional information concerning our strategies, assumptions and market outlook in relation to these assessments. Real Matters cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results.

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Risks and Uncertainties

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, which include:

Strategic

- failing to grow market share in the residential mortgage appraisal business to anticipated levels;
- failing to grow market share in the U.S. title and closing market to anticipated levels;
- changes in economic conditions resulting in fluctuations in client demand;
- increased dependence on larger industry clients;
- risks associated with targeting larger industry clients;
- growth placing significant demands on our management and infrastructure;
- increased costs and demands upon management associated with being a public company;
- inability to successfully develop or acquire and sell enhancements and new services;
- failing to maintain demand for our services or diversify our revenue base;
- risks associated with a competitive business environment;
- inability to consummate or integrate acquisitions;
- negative publicity;
- ineffectiveness of our risk management efforts;
- potential inability to successfully integrate Linear;
- use of proceeds of the offering not being specified with certainty;

Operational

- failure to adequately protect our technology infrastructure;
- material defects or errors in our technology infrastructure;
- system interruptions;
- earthquakes, fires, floods and other natural catastrophic events or interruptions;
- effort, time and expense associated with switching from competitors' software to our software;
- failing to adapt to technological changes;
- failing to maintain field agent engagement;
- risks associated with "open source" software;
- losing corporate culture;
- inability to retain or hire additional key personnel;

Legal and compliance

- regulatory risks;
- risks associated with U.S. operations;
- field agent work product liability;
- risks associated with the potential reclassification of exempt employees and field agents;
- tax law changes or adverse tax examinations;
- current or future litigation;
- risks associated with our confidentiality agreements;
- potential infringement on the proprietary rights of others;
- risks associated with our insurance coverage;
- failing to adequately protect intellectual property;
- our by-laws potentially limiting an investor's ability to obtain a favourable judicial forum for disputes with us;
- difficulty enforcing judgments against non-resident directors;
- claims for indemnification by directors or officers;

Real Matters Inc. – MD&A for the years ended September 30, 2017 and 2016

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

Financial and reporting

- risks associated with the forward-looking statements contained in this MD&A potentially proving to be incorrect;
- inaccurate accounting estimates and judgments;
- potential inability to raise additional capital in the future;
- potential deficiencies in our internal controls over financial reporting;
- changing accounting standards or interpretations;
- restrictive covenants contained in our credit facility;
- dependence on subsidiaries;
- exchange rate fluctuations;
- future offerings of debt securities;
- future sales of shares by existing shareholders reducing the market price of the shares;
- dilution and future sales of shares;
- risks associated with securities analysts' research or reports potentially impacting the share price;
- risks associated with current indebtedness and the potential failure to fund future endeavours;
- risks associated with debt servicing costs; and
- risks associated with our current policy with respect to dividends.

Real Matters cautions that the list of risk factors and uncertainties should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Real Matters has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Glossary

Tier 1 - refers to the top five U.S. banks by asset size as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders.

Tier 2 - refers to the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders, excluding Tier 1 mortgage lenders.

Tier 3 - refers to the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders, excluding Tier 1 and Tier 2 mortgage lenders.

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

Independent Auditor's Report

To the Shareholders of
Real Matters Inc.

We have audited the accompanying consolidated financial statements of Real Matters Inc., which comprise the consolidated statements of financial position as at September 30, 2017 and September 30, 2016 and the consolidated statements of operations and comprehensive loss, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Real Matters Inc. as at September 30, 2017 and September 30, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants
November 27, 2017

Toronto, Ontario

Real Matters Inc.

Consolidated Statements of Financial Position

September 30, 2017 and 2016 (stated in thousands of United States ("U.S.") dollars)

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 71,634	\$ 26,687
Trade and other receivables (Note 18)	32,100	29,212
Prepaid expenses	1,691	1,345
	105,425	57,244
NON-CURRENT		
INTANGIBLES (Note 5)	36,871	56,518
GOODWILL (Note 6)	58,890	56,643
PROPERTY AND EQUIPMENT (Note 7)	4,239	4,032
INVESTMENT IN EQUITY ACCOUNTED INVESTEES	182	7,875
OTHER ASSETS	311	-
DEFERRED TAX ASSETS (Note 19)	20,645	8,552
	121,138	133,620
TOTAL ASSETS	\$ 226,563	\$ 190,864
LIABILITIES		
CURRENT		
Trade payables	\$ 10,376	\$ 17,634
Accrued charges (Note 4)	12,207	26,755
Income taxes payable	1,046	416
Deferred revenues	12	19
Current portion of long-term debt (Note 8)	-	1,400
Finance lease obligations (Note 17)	402	424
	24,043	46,648
NON-CURRENT		
LONG-TERM DEBT (Note 8)	-	14,391
LEASEHOLD INDUCEMENTS	514	121
WARRANT LIABILITIES (Note 9)	12,820	12,148
FINANCE LEASE OBLIGATIONS (Note 17)	140	568
OTHER LIABILITIES (Note 4)	-	9,450
	13,474	36,678
TOTAL LIABILITIES	37,517	83,326
COMMITMENTS AND CONTINGENCIES (Note 17)		
EQUITY		
NON-CONTROLLING INTERESTS		
	3,461	2,086
SHAREHOLDERS' EQUITY (Note 10)		
Common shares	259,625	164,629
Contributed surplus	3,222	-
Accumulated deficit	(77,393)	(53,379)
Accumulated other comprehensive income (loss)	131	(5,798)
	185,585	105,452
TOTAL EQUITY	189,046	107,538
TOTAL LIABILITIES AND EQUITY	\$ 226,563	\$ 190,864

Approved by:

Blaine Hobson (signed) – Non-Executive Chairman

Garry M. Foster (signed) – Audit Committee Chair

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

Real Matters Inc.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	2017	2016
REVENUES (Note 21)	\$ 302,976	\$ 248,547
TRANSACTION COSTS	210,682	180,247
OPERATING EXPENSES (Note 12)	86,411	55,476
ACQUISITION AND INITIAL PUBLIC OFFERING COSTS (Note 12)	1,609	3,005
AMORTIZATION (Note 5 and 7)	21,241	14,001
IMPAIRMENT OF ASSETS (Note 13)	5,096	-
INTEREST EXPENSE (Note 8)	889	687
INTEREST INCOME	(139)	(20)
NET FOREIGN EXCHANGE LOSS (GAIN)	3,390	(2,841)
LOSS ON FAIR VALUE OF WARRANTS	5,011	5,437
RE-MEASUREMENT LOSS ON PREVIOUSLY HELD EQUITY METHOD INVESTMENT (Note 4)	976	-
NET INCOME FROM EQUITY ACCOUNTED INVESTEEES	(18)	(475)
LOSS BEFORE INCOME TAX RECOVERY	(32,172)	(6,970)
INCOME TAX EXPENSE (RECOVERY) (Note 19)		
Current	1,824	529
Deferred	(10,227)	(1,420)
TOTAL INCOME TAX RECOVERY	(8,403)	(891)
NET LOSS	(23,769)	(6,079)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	5,929	(2,511)
COMPREHENSIVE LOSS	\$ (17,840)	\$ (8,590)
NET LOSS - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (24,014)	\$ (6,281)
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 245	\$ 202
COMPREHENSIVE LOSS - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (18,085)	\$ (8,792)
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 245	\$ 202
Net loss per weighted average share, basic (Note 11)	\$ (0.30)	\$ (0.09)
Net loss per weighted average share, diluted (Note 11)	\$ (0.30)	\$ (0.09)
Weighted average number of shares outstanding (thousands), basic (Note 11)	80,280	69,489
Weighted average number of shares outstanding (thousands), diluted (Note 11)	85,092	76,606

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

Real Matters Inc.

Consolidated Statements of Cash Flows

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars)

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss	\$ (23,769)	\$ (6,079)
Items not affecting cash		
Stock-based compensation	3,497	-
Amortization of intangibles	19,649	12,839
Amortization of property and equipment	1,592	1,162
Impairment of assets	5,096	-
Leasehold inducements	148	25
Interest expense	889	687
Loss on forward foreign currency exchange agreement	-	697
Loss on fair value of warrants	5,011	5,437
Re-measurement loss on previously held equity method investment	976	-
Current and deferred income taxes	(8,403)	(891)
Net income from equity accounted investees	(18)	(475)
Changes in non-cash working capital items (Note 14)	(11,516)	(8,431)
Interest paid	(421)	(431)
Income taxes paid	(1,254)	(349)
Cash (utilized in) generated from operating activities	(8,523)	4,191
INVESTING		
Acquisitions, net of cash acquired (Note 4)	428	(46,210)
Investment in equity accounted investees	(101)	-
Dividends received from equity accounted investees	252	294
Purchase of property and equipment (Note 7)	(1,807)	(1,472)
Intangible asset additions (Note 5)	-	(3)
Loss on forward foreign currency exchange agreement	-	(697)
Cash utilized in investing activities	(1,228)	(48,088)
FINANCING		
Proceeds from long-term debt	-	7,346
Repayment of long-term debt	(16,354)	(1,097)
Proceeds from finance lease obligations	144	153
Repayment of finance lease obligations	(598)	(100)
Payment of contingent consideration recorded at acquisition date (Note 4)	(20,000)	-
Proceeds from lease incentives	230	-
Deferred financing costs	-	(287)
Common shares issued, net of issue costs (Note 10)	87,741	43,220
Proceeds from the exercise of warrants	251	-
Proceeds from the exercise of stock options, net of issue costs	179	-
Dividends paid to non-controlling interests	(366)	(404)
Cash generated from financing activities	51,227	48,831
Effect of foreign currency translation on cash and cash equivalents	3,471	(183)
NET CASH INFLOW	44,947	4,751
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,687	21,936
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 71,634	\$ 26,687
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash and cash equivalents are comprised of:		
Cash	\$ 30,984	\$ 26,687
Cash equivalents	40,650	-
	\$ 71,634	\$ 26,687
Property and equipment acquired under finance lease	\$ 145	\$ 157

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

Real Matters Inc.

Consolidated Statements of Equity

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2016	\$ 2,086	\$ 164,629	\$ -	\$ (53,379)	\$ (5,798)	\$ 107,538
Net income (loss)	245			(24,014)		(23,769)
Dividends paid to non-controlling interests	(366)					(366)
Common shares issued, net of issue costs and income tax (Note 10)		89,330				89,330
Common shares issued on exercise of stock options (Note 10)		454	(275)			179
Common shares issued on exercise of warrants (Note 9)		5,212				5,212
Stock-based compensation (Note 15)			3,497			3,497
Non-controlling interests, acquired (Note 4)	1,496					1,496
Foreign currency translation adjustment					5,929	5,929
Balance at September 30, 2017	\$ 3,461	\$ 259,625	\$ 3,222	\$ (77,393)	\$ 131	\$ 189,046
	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2015	\$ -	\$ 98,871	\$ -	\$ (47,098)	\$ (3,287)	\$ 48,486
Net income (loss)	202			(6,281)		(6,079)
Dividends paid to non-controlling interests	(404)					(404)
Common shares issued, net of issue costs and income tax (Note 10)		43,758				43,758
Common shares issued in connection with acquisitions (Note 4)		22,000				22,000
Non-controlling interests, acquired (Note 4)	2,288					2,288
Foreign currency translation adjustment					(2,511)	(2,511)
Balance at September 30, 2016	\$ 2,086	\$ 164,629	\$ -	\$ (53,379)	\$ (5,798)	\$ 107,538

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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

1. Nature of Operations

Real Matters Inc. (“Real Matters” or the “Company”) is a leading technology company providing appraisal, title and closing and other ancillary services through its Solidifi, Linear Title & Closing and iv3 brands to the mortgage lending and insurance industries in the U.S. and Canada. Linear Title & Closing was subsequently rebranded as Solidifi in October 2017.

Real Matters’ head office and Canadian operations are located at 50 Minthorn Boulevard, Markham, Ontario and its U.S. subsidiaries operate in Buffalo, New York, Cincinnati, Ohio, Middletown, Rhode Island and Denver, Colorado.

Initial public offering

On May 11, 2017, the Company completed an initial public offering (“IPO”) of common shares (the “Offering”). The Company’s common shares are listed on the Toronto Stock Exchange under the stock symbol “REAL”.

Immediately prior to the closing of the Offering, the Company amended its articles (the “share reorganization”) to effect the following share capital changes:

- consolidate the Company’s Class A shares on a two-for-one basis pursuant to a share consolidation;
- increase the authorized share capital of the Company by creating an unlimited number of preferred shares, issuable in series;
- decrease the authorized share capital of the Company by deleting the Class B shares and all rights, privileges, restrictions and conditions attached thereto; and
- re-designate the post-share consolidation Class A shares as common shares.

The Offering of 12,056 common shares consisted of a treasury share issuance by the Company of 9,620 common shares and a secondary offering of 2,436 common shares by selling shareholders. The Offering price of 13 Canadian dollars (“C\$”) resulted in net proceeds to the Company of C\$117,556 and C\$29,770 to the selling shareholders after underwriting commissions of C\$7,504 and C\$1,900, respectively.

Please refer to Note 10 for further details regarding the impact of the Offering on the Company’s share capital.

The consolidated financial statements (“financial statements”) were authorized for issue by the board of directors on November 27, 2017.

2. Basis of Presentation and Significant Accounting Policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of presentation

The financial statements are presented in thousands of U.S. dollars and have been prepared applying the historical cost method, except for certain financial instruments which are measured at fair value. Historical cost reflects the fair value of consideration exchanged for the asset at the date it was acquired.

The significant accounting policies and methodologies outlined below have been applied consistently throughout the Company and to all periods presented in these financial statements.

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Basis of consolidation

These financial statements include the accounts of the Company and subsidiaries controlled by the Company. The Company is deemed to control a subsidiary when it is exposed to, or has the right to, variable returns from its involvement with an investee and it has the ability to direct the activities of the investee that significantly affects the investee's returns through its power over the subsidiary. Where the Company's interest in a subsidiary is less than one hundred percent, the Company recognizes a non-controlling interest in the investee. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount recognized initially, plus the non-controlling interests' share of changes in the capital of the company in addition to changes in ownership interests. Total comprehensive income or loss is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of controlled entities are included in these financial statements from the date control is effective until control ceases to exist.

Functional and presentation currency

The Company's functional currency is the Canadian dollar. Accordingly, its financial position, results of operations, cash flows and equity are consolidated in Canadian dollars.

The Company translates its U.S. subsidiaries' assets and liabilities to Canadian dollars from their functional currency of U.S. dollars using the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated to Canadian dollars at the average monthly exchange rate in effect during the year. The resulting translation adjustments are included in other comprehensive income or loss.

The Company has elected to report its financial results in U.S. dollars. Accordingly, the Company's consolidated statements of financial position are translated from Canadian to U.S. dollars at the foreign currency exchange rate in effect at the statement of financial position date. Certain transactions affecting shareholders' equity are translated at historical foreign currency exchange rates. The statements of operations and comprehensive income or loss and statements of cash flows are translated to U.S. dollars applying the average foreign currency exchange rate in effect during the reporting period. The resulting translation adjustments are included in other comprehensive income or loss. Reporting the Company's financial results in U.S. dollars reduces the impact of foreign currency fluctuations in its reported amounts because the Company's operations are larger in the U.S than they are in Canada. The Company remains a legally domiciled Canadian entity and its functional currency is the Canadian dollar. Translating the Company's U.S. financial position, results of operations and cash flows into Canadian dollars, the Company's functional currency, and re-translating these amounts to U.S. dollars, the Company's reporting currency, has no translation impact on the Company's financial statements. Accordingly, U.S. results retain their original values when expressed in the Company's reporting currency.

Monetary assets and liabilities denominated in foreign currencies, including certain long-term financing arrangements between Canadian and U.S. entities within the consolidated group of companies that are not considered part of the net investment in the foreign operation, that are different from the functional currency are translated to the functional currency applying the foreign exchange rate in effect at the statement of financial position date. Realized and unrealized foreign currency differences are recognized in the consolidated statement of operations and comprehensive income or loss.

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Exchange differences on monetary assets and liabilities receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, and therefore form part of the net investment in the foreign operation, are recognized initially in other comprehensive income or loss and presented within equity. The cumulative amount of related exchange differences recorded in other comprehensive income or loss is reclassified from equity to the consolidated statements of operations and comprehensive income or loss on settlement.

Cash and cash equivalents

Cash and cash equivalents include short-term investments in highly liquid marketable securities, having a term to maturity of three months or less.

Included in cash is \$2,295 (2016 - \$2,295) set aside by the Company to demonstrate that it has sufficient liquidity to carry on business and retain its California county title license.

The Company's residential and commercial real estate title and closing services requires it to hold cash in escrow accounts that it does not have title to. Accordingly, cash held in escrow, escrow receivables and escrow liabilities, are not recorded as assets or liabilities on the Company's consolidated statements of financial position. All cash held in escrow is deposited in non-interest bearing bank accounts.

Intangibles

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles are tested for impairment when a triggering event occurs. Amortization is recognized on a straight-line basis over the estimated useful life of the intangible asset and recorded to the consolidated statements of operations and comprehensive income or loss. The estimated useful life and amortization method are reviewed at least annually, with any change in estimate recognized prospectively. Estimated useful lives for intangibles having finite lives are as follows:

Internally generated intangible assets	2.5 years
Customer relationships	3 years
Brand names	3 years
Technology	3 years
License	10 years

Internally generated intangible assets are capitalized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset is expected to make it available for use or sale;
- The Company intends to complete and use or sell the intangible asset;
- The Company has the ability to use or sell the intangible asset;
- How the Company expects the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset exists; and
- The Company has the ability to reliably measure the expenditures attributable to its development.

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The amount recognized as an internally generated intangible asset represents the sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above to the date the asset is available for use. Where no internally generated intangible asset is recognized, development expenditures are recognized in the consolidated statements of operations and comprehensive income or loss in the period in which the cost is incurred.

When the asset is available for use, the cost model is applied which requires the asset to be carried at cost less accumulated amortization and accumulated impairment losses, if any. During the period of development, the asset is tested for impairment at least annually.

Internally generated intangible assets consist of computer software costs associated with the internal development and enhancement of the Company's platforms. Costs associated with the maintenance of the Company's platforms are expensed as incurred.

Goodwill

Goodwill represents the excess of consideration over the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. Goodwill is not amortized. Goodwill is allocated to each of the Company's cash-generating units ("CGU or "CGUs") or group of CGUs that benefit from the acquisition, irrespective of whether other assets or liabilities acquired are assigned to those units. For the purpose of goodwill impairment testing the Company's CGUs correspond to its operating segments as this is the level at which goodwill is monitored.

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell and its value in use, of the CGU is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for the CGU. Any goodwill impairment loss is recorded to the consolidated statements of operations and comprehensive income or loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

On disposal of a CGU or group of CGUs, the portion of goodwill attributable to the CGU is included in the determination of profit or loss recorded on the consolidated statements of operations and comprehensive income or loss.

Goodwill is tested for impairment annually as at June 30. In prior years, the Company tested goodwill for impairment as at September 30.

Property and equipment

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. The initial cost includes the purchase price and any expenditures directly attributable to ready the asset for use. Purchased software that is integral to the function of certain equipment is capitalized. When components of property and equipment have different useful lives, those components are accounted for as separate items of property and equipment and amortized separately.

Gains and losses on the disposal of property and equipment are determined as the difference between the proceeds recovered, if any, on disposal of the asset and its carrying amounts. Any resulting gain or loss is recognized in the consolidated statements of operations and comprehensive income or loss.

Amortization is recognized using the straight-line method for each component of property and equipment. Capitalized finance lease assets are amortized over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will transfer at the end of the lease term, capitalized finance lease assets are amortized over the lesser of the lease term and their useful lives. The Company reviews the amortization methods,

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useful lives and residual values at each reporting date. The expected useful lives of property and equipment is set forth below:

Computer equipment	3 - 5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of the remaining term of the lease and expected useful life

Investment in equity accounted investees

Investments where the Company has joint control or the ability to exercise significant influence, where significant influence is the power to participate in the financial and operating policy decisions of the investee that is not control or joint control over those policies, are accounted for using the equity method of accounting.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractual sharing of control in an arrangement, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. To determine whether significant influence or joint control is present, considerations similar to those necessary to determine control over subsidiaries are reviewed.

The equity method of accounting requires the Company to record its initial investment at cost. At the time of initial recognition, if the cost of the associate or joint venture is lower than the proportionate share of the investment's underlying fair value, the Company records a gain on the difference between the cost and the underlying fair value of the investment to the statements of operations and comprehensive income or loss. If the cost of the associate or joint venture is greater than the Company's proportionate share of the underlying fair value, goodwill relating to the associate or joint venture is included in the carrying amount of the investment.

The carrying value of the Company's initial investment is adjusted to include its pro rata share of the investee's post-acquisition earnings which is included in the Company's determination of net income or loss. Investments are reviewed at each reporting period to determine whether there is any objective evidence of impairment. If evidence of impairment exists, the Company compares the carrying amount of the investment to its recoverable amount.

Should the Company lose joint control of a joint venture, the Company re-measures its remaining investment at fair value. Any resulting difference between the carrying amount of its investment in the joint venture and its fair value of the retained investment and any proceeds from disposal is recognized in the consolidated statements of operations and comprehensive income or loss.

The financial statements of the equity accounted investee are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Leases and leasehold inducements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are initially recognized as assets of the Company at fair value or, if lower, at the present value of the future minimum lease payments. The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation. Leases for which the risks and rewards are retained by the lessor are considered operating leases. Operating lease payments are recognized as an expense and charged to the consolidated statements of operations and comprehensive income or loss on a straight-line basis over the lease term.

Leasehold inducements represent rent-free periods, rent escalations and lease incentives which are amortized on a straight-line basis over the respective lease terms to rent expense.

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Income taxes

Income tax expense or recovery is comprised of current and deferred income tax which is recognized in the consolidated statements of operations and comprehensive income or loss, except for income taxes attributable to a business combination or equity transaction.

Current income tax represents the expected amounts payable or receivable derived from taxable income or loss generated by the Company in the period. Current income tax is calculated by applying enacted or substantively enacted tax rates, at the reporting date, to taxable income or loss. Current income taxes may include prior period adjustments to income taxes payable or receivable.

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

Deferred income tax assets are recognized when it is probable that future taxable income will be available to realize the benefit of the deferred tax asset. Deferred income tax liabilities are not recognized on temporary differences that arise from goodwill that is not deductible for tax purposes. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized and only recovered when the probability of future taxable income improves.

Deferred income tax assets and liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend to either settle current income tax liabilities on a net basis or realize the assets and settle the liability simultaneously in a future period.

Warrant liabilities

At the time of issuance, warrants are classified as a financial liability or equity instrument in accordance with the substance of the contractual arrangement. Warrants that obligate the Company to deliver a variable number of shares whose value equals a fixed amount or an amount based on changes in an underlying variable, is not an equity instrument, and is therefore classified as a financial liability. Subsequent changes to the conversion option that fixes the number of shares and price of shares issuable, are not considered by the Company when the contractual terms of the warrant do not change and there has been no change in the circumstances of the Company. Warrants classified as liabilities in the consolidated statements of financial position are re-measured at their estimated fair value at each reporting date. Any change to the fair value of the warrants is recognized in the consolidated statements of operations and comprehensive income or loss.

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Revenues

The Company recognizes revenue when all of the following criteria have been met:

- Significant risks and rewards of ownership have transferred to the buyer;
- The Company does not retain continuing managerial involvement or effective control over the goods or services sold;
- The amount can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion for the transaction can be reliably measured; and
- The costs incurred, or to be incurred, in the transaction can be reliably measured.

The Company measures revenue at the fair value of the consideration received or receivable, taking into account any contractually defined terms for volume discounts, rebates or refunds. The Company records payments received in advance of satisfying the revenue recognition criteria as deferred revenues until all criteria are satisfied.

When the Company sells multiple services to the same customer it assesses whether each delivered element is considered a separate transaction that can be recorded separately. In certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction. Conversely, the recognition criteria are applied to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions taken as a whole.

The Company also assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company records revenue on a gross basis, as a principal to the transaction, unless otherwise indicated below.

Residential Mortgage Appraisals

The Company provides residential mortgage appraisals through its technology-based platform (the "Platform") and network of independent qualified field agents. Revenue is derived from platform transaction fees earned from mortgage lenders on residential appraisal products such as complete home appraisals, a broker price opinion, property condition reports and desktop appraisals. The Company records revenue in conjunction with the delivery of appraisal reports to its clients.

Insurance Inspection

The Company provides insurance inspections to property and casualty insurers through its Platform. The Company records revenue in conjunction with the delivery of insurance inspection reports to its clients.

Title and Closing

The Company provides title and closing services to residential and commercial clients which include title search procedures for title insurance policies, escrow and other closing services. Title and closing revenues, which are recorded net of amounts remitted to third party insurance underwriters, are recorded at the time a home sale transaction or refinancing closes. Recording services are recognized at the time the documents are submitted to the county for recording.

Search Services

The Company provides current owner, tax and commercial title search and property reports to other title insurance companies or property investment companies. Search revenues are recorded at the time the report is delivered to the client.

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Software Services

The Company provides three hosted software solutions. Contracts for these services are generally term based ranging from 1 to 3 years. Set up and implementation fees typically do not meet the criteria as a separate transaction. Accordingly, revenues are deferred and recognized on a straight-line basis over the longer of the term of the contract or the estimated customer life. On-going service fees are recognized as revenue over the service period. Any usage-based fees and minimum transaction fees are recognized monthly over the term.

Transaction costs

Transaction costs comprise expenses that are directly attributable to a specific revenue transaction including: appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, title and closing agent costs, external abstractor costs and external quality review costs.

Business combinations

Business combinations are accounted for applying the acquisition method of accounting, where the fair value of consideration is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses if it has correctly identified all of the assets acquired and liabilities assumed and reviews the procedures used to measure the amounts recognized at the date of acquisition. If following its reassessment, the Company concludes that the fair value of net assets acquired exceeds the aggregate consideration transferred, the Company will record a gain to the consolidated statements of operations and comprehensive income or loss.

The excess of consideration over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to CGUs. For each business combination that includes a non-controlling interest, the Company, at its election, measures the non-controlling interest's investment in the acquiree at fair value or at the proportionate share of the acquiree's net identifiable assets acquired.

Any contingent consideration is recognized at fair value on the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with changes in fair value recorded to the statements of operations and comprehensive income or loss. Contingent consideration classified to equity is not re-measured and settlement is accounted for within equity.

The fair value measurement and recognition of net assets acquired may require adjustment when information is absent and fair value allocations are presented on an estimated or preliminary basis. Adjustments to estimated or preliminary amounts, reflecting new information obtained about facts and circumstances that existed at the date of acquisition and occurring not later than one year from the date of acquisition, are recorded in the period the adjustment is determined.

Transaction costs incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed in the statements of operations and comprehensive income or loss.

Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined applying a measure of cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the impact of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain that reimbursement is receivable and the expected reimbursement can be reliably measured.

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Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when the Company becomes party to the contractual provisions of a financial instrument or non-financial derivative contract.

The Company classifies financial instruments, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. All financial instruments are measured at fair value on initial recognition and subsequently measured at either fair value or amortized cost using the effective interest method, depending upon their classification. Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss ("FVTPL"), (iv) available-for-sale, or (v) other financial liabilities. The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/liability	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade payables	Other financial liabilities	Amortized cost
Accrued charges	Other financial liabilities	Amortized cost
Accrued charges (contingent consideration)	Fair value through profit and loss	Fair value
Long-term debt	Other financial liabilities	Amortized cost
Finance lease obligations	Other financial liabilities	Amortized cost
Other liabilities (contingent consideration)	Fair value through profit and loss	Fair value
Warrant liabilities	Fair value through profit and loss	Fair value

The Company offsets financial assets and liabilities and presents them net on the consolidated statements of financial position when the Company has a legal right to offset and intends to settle on a net basis or realize the asset and liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment, excluding trade and other receivables. Gains and losses are recognized in the consolidated statements of operations and comprehensive income or loss in the period that the asset is derecognized or impaired.

Other financial liabilities

Other financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, using the effective interest method. Gains and losses are recognized in the consolidated statements of operations and comprehensive income or loss in the period that the liability is derecognized.

FVTPL

FVTPL financial assets or financial liabilities are measured at fair value at each reporting date, with changes in fair value recognized in the consolidated statements of operations and comprehensive income or loss. Derivatives are classified as FVTPL unless they are designated as effective hedging instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value of financial

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assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are expensed in the statements of operations and comprehensive income or loss.

Costs of issuing debt and equity

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. When long-term debt amounts are nil, but amounts are still available to be drawn, costs of issuing debt are reclassified to other assets in the consolidated statements of financial position. The cost of issuing equity is reflected as a direct charge to common shares.

Derivative financial instruments

The Company may enter into foreign currency exchange agreements from time-to-time as part of its strategy to manage foreign currency exposure. The Company does not hold or issue derivative financial instruments for trading purposes. Derivatives, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contract, are measured at their estimated fair value. Gains or losses on financial instruments measured at their estimated fair values are recognized in the statements of operations and comprehensive income or loss in the periods in which they arise, with the exception of gains and losses on certain financial instruments that are part of a designated hedging relationship.

Fair value

Fair value represents the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making such measurements. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence applied to measure fair value. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs are applied to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted market prices in markets that are not active, or model derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 – unobservable inputs that are supported by little or no market activity

Impairment

Financial assets

A financial asset, other than those classified as FVTPL, is assessed at each reporting date for indicators of impairment. A financial asset is deemed to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risks and all impairment losses are recognized immediately in the consolidated statements of operations and comprehensive income or loss.

Impairments of financial assets recognized in a prior period are re-assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the asset or asset groups carrying amount. The reversal of an impairment loss may not exceed the carrying amount of the asset or asset group had no impairment loss been recognized. Reversals of impairment losses are recognized immediately in the consolidated statements of operations and comprehensive income or loss.

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Non-financial assets

The carrying value of property and equipment and intangibles are reviewed at each reporting period to determine if indicators of impairment are present. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, the recoverable amount is determined for an individual asset or are grouped together into CGUs, representing the smallest group of assets that generates independent cash inflows. If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recognized in the consolidated statements of operations and comprehensive income or loss as a reduction in the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs.

Impairments of non-financial assets recognized in a prior period are re-assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the asset or CGU's carrying amount. The reversal of an impairment loss may not exceed the carrying amount, net of amortization, of the asset or CGU had no impairment loss been recognized.

Share-based payments

The Company grants equity-settled stock options under its share-based compensation plan. The fair value of stock options at the grant date is estimated using the Black-Scholes-Merton option pricing model and is subject to the satisfaction of certain vesting conditions. Uncertain vesting conditions do not result in compensation expense being recognized until they are satisfied or deemed to be probable of satisfaction. Compensation expense is recorded to the statements of operations and comprehensive income or loss over the vesting period based on the estimated number of options expected to vest with a corresponding increase in shareholder's equity. Management's estimate of the number of awards expected to vest occurs at the time of grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Net income or loss per share

Basic net income or loss per share is calculated by dividing net income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted net income or loss per share is calculated by dividing the net income or loss attributable to common shareholders of the Company by the weighted average number of shares outstanding adjusted for all potentially dilutive equity instruments, comprising stock options and warrants.

Operating segments

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenues and incur expenses, including revenues and expenses incurred by virtue of activities with any of the Company's other operations. An operating segment has discrete financial information available which is regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to assess performance or make resource allocation decisions.

Significant judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at least annually or more frequently as required. Revisions to accounting estimates are recognized in the period of revision, which may impact future reporting periods. Areas that are subject to judgment and estimate include revenue recognition, the identification of CGUs, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, internally generated intangible assets, the determination of fair

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value for warrants and financial instruments, share-based payments, the useful lives of property and equipment and intangible assets, the likelihood of realizing deferred income tax assets, provisions and contingencies.

Critical accounting judgments and estimates

Management believes the following accounting policies are subject to the most critical judgments and estimates and could have the most significant impact on the amounts recognized in the financial statements.

(a) *Revenue recognition*

Transactions which contain separately identifiable components must be recognized at the fair value of consideration received or receivable to reflect the substance of the transaction. The Company is required to make judgments about the fair value of each component, including its allocation to each separately identified component, by considering the following: its overall pricing objectives, the market in which the transaction occurs, the uniqueness of each component, the work performed, the size of the transaction and any historical sales and contract prices.

The Company uses judgment in its assessment of whether it is acting as an agent or principal in a transaction. When the Company does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services it is acting as an agent in the transaction. The Company is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. The Company considers these factors, amongst others, in its assessment.

(b) *Identification of CGUs*

The Company has allocated its tangible assets, intangible assets and goodwill to the smallest identifiable group of assets that generate cash inflows and that are largely independent of the cash inflows from other assets. The determination of CGUs or groups of CGUs for the purpose of annual impairment testing requires judgment.

(c) *Impairment of goodwill and non-financial assets*

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property and equipment and intangible assets is reviewed each reporting period to determine whether indications of impairment exist. The recoverable amounts attributed to CGUs reflect the higher of fair value less costs to sell or value in use. The Company's determination of a CGU's recoverable amount, which could include an estimate of fair value less costs to sell, uses market information to estimate the amount the Company could obtain from disposing of the asset in an arm's length transaction, less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows from the CGU or asset to its present value using a pre-tax discount rate reflecting a current market assessment of the time value of money and certain risks specific to the asset. Estimated cash flows are based on management's assumptions and business plans which are supported by internal strategies, plans and external information.

The estimate of the recoverable amount for an asset or CGU requires significant estimates such as future cash flows and growth, coupled with terminal and discount rates.

(d) *Business combinations*

Applying the acquisition method to business combinations requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of fair value for assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

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The Company makes estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, in addition to evaluating the recoverability of goodwill and other intangible assets on an ongoing basis. These estimates are based upon a number of factors, including historical experience, market conditions, and information obtained from the management of acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology, and the expected use of the acquired assets. These factors are also considered in determining the useful life of acquired intangible assets. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

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

(e) *Internally generated intangible assets*

The initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the useful life of the internally generated intangible asset, management makes assumptions regarding the expected periods of benefit. The amounts and useful lives assigned to internally generated intangible assets impacts the amount and timing of future amortization expense. The Company also makes judgments with regards to the point in time in which an internally generated intangible asset may not be viable and the related costs are written-off.

(f) *Fair value of warrant liabilities*

The Company uses the Black-Scholes-Merton option pricing model to estimate the fair value of warrant liabilities, which requires the use of several input variables. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of warrant liabilities. The fair value reported may not represent the transaction value if these warrants were exchanged at any point in time.

(g) *Share-based payments*

The Company uses the Black-Scholes-Merton option pricing model to estimate the fair value of stock-based compensation which requires the use of several input variables. The inputs to the model are subject to estimate and changes in these inputs can materially affect the estimated fair value of stock-based compensation. The fair value reported may not represent the transaction value if these options were exercised at any point in time.

(h) *Amortization of property and equipment and intangible assets*

Judgment is applied to determine an asset's useful life, and where applicable, estimated residual value, used in the computation of amortization. Accordingly, an asset's actual useful life and estimated residual value may differ significantly from these estimates.

Where an item of property and equipment can be subdivided into its major components, and these components are assessed as having different useful lives, the components are accounted for as separate items of property and equipment. The application of this policy requires judgment in the determination of each significant identifiable component.

(i) *Valuation of deferred income tax assets*

The Company assesses its ability to generate taxable income in future periods from its internal budgets and forecasts. Taxable income is adjusted to reflect certain non-taxable income and expense or the use of unused credits and tax losses. The Company's estimate of taxable income generated in the future, for the purposes of determining the existence of a deferred tax asset, depends on many factors, including the Company's ability to

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generate income subject to tax and other substantive evidence. The occurrence or non-occurrence of certain future events may lead to significant changes in the measurement of deferred tax assets.

(j) *Provisions*

Due to the uncertain nature of provisions, there is a degree of uncertainty inherent in their measurement. Management uses its best estimate to provide for potential losses. Assumptions used reflect the most probable set of economic conditions and planned courses of action by the Company.

(k) *Other*

Other areas where the Company employs judgment and estimate include, the determination of its allowance for doubtful accounts, financial instruments, its control assessment of subsidiaries and contingencies related to litigation, claims and assessments.

3. Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers” (“IFRS 15”), which replaces IAS 18 “Revenue”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programmes”, as well as various other interpretations applicable to revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. The core principle of IFRS 15 requires an entity to recognize revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation. IFRS 15 also contains enhanced disclosure requirements. This new standard is effective for annual periods beginning on or after January 1, 2018 and will be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. Early adoption is permitted. The Company is still conducting a detailed assessment to determine the impact of IFRS 15 on its financial statements. The Company has not yet determined which transition method it will apply or whether it will use the optional exemptions or practical expedients available.

Accounting for Acquisitions of Interest in Joint Arrangements

In May 2014, the IASB issued amendments to IFRS 11 “Accounting for Acquisitions of Interest in Joint Arrangements” (“IFRS 11”). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 “Business Combinations” (“IFRS 3”). Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring for annual periods beginning on or after January 1, 2016. This guidance did not have an impact on the Company’s financial statements.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments” (“IFRS 9”). IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include classification and measurement requirements for financial liabilities and de-recognition. In November 2013, follow on amendments included new requirements for general hedge accounting. The final revision to IFRS 9 was issued in July 2014, which included impairment requirements for financial assets and limited

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amendments to the classification and measurement requirements for certain simple debt instruments. The new standard established a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and permits early adoption. Based on an analysis of the Company's financial assets and financial liabilities, they are expected to continue to be measured on the same basis. The Company anticipates that the application of the expected credit loss model of IFRS 9 may result in earlier recognition of credit losses for trade receivables. Since the Company currently does not apply hedge accounting, the new requirements for general hedge accounting are not applicable.

Disclosure Initiative

In December 2014, the IASB issued Disclosure Initiative Amendments to IAS 1 "Presentation of Financial Statements" as part of the IASB's Disclosure Initiative. These amendments encourage entities to apply professional judgment regarding disclosure and presentation in their financial statements and are effective for annual periods beginning on or after January 1, 2016. The implementation of these amendments did not have a significant impact on the Company's financial statements.

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 "Statement of Cash Flows", which is also part of the IASB's Disclosure Initiative. These amendments require entities to provide additional disclosures to enable financial statement users to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The impact of these amendments will result in additional disclosures in the notes to the Company's financial statements, where applicable.

Leases

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaces IAS 17 - Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying value of the asset is low. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach for annual periods beginning on or after January 1, 2019. Early adoption of IFRS 16 is permitted if IFRS 15 has also been applied. The Company intends to adopt the standard using the modified retrospective approach but currently has no intention of early adopting the standard. As at September 30, 2017, the Company has operating lease commitments of \$10,213. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and the Company expects to recognize new assets and liabilities in respect of these operating leases, which principally relate to office space, upon adoption of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have an impact on the amounts recognized in the Company's financial statements but the Company is still conducting a detailed assessment to determine the potential impact. In addition, the nature and timing of expenses related to these leases will change as IFRS 16 replaces straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. For finance leases where the Company is a lessee and has already recognized an asset and a related finance lease liability for the lease arrangement, the Company does not anticipate the application of IFRS 16 will have a significant impact on the amounts recognized in its financial statements.

Income Taxes

In January 2016, the IASB issued "Recognition of Deferred Tax Assets for Unrealized Losses", an amendment to IAS 12 – "Income Taxes" ("IAS 12"). The amendments address accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The implementation of these amendments is not expected to have a significant impact on the Company's financial statements.

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Share-Based Payment

In June 2016, the IASB issued amendments to IFRS 2 – “Share-based Payment” which clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and modifications to the terms and conditions that change the classification of the transactions. These amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The implementation of these amendments is not expected to have a significant impact on the Company’s financial statements.

Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRS Interpretation Committee 23 – “Uncertainty over Income Tax Treatments”. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or together with one or more uncertain tax positions, and in making such assessment, an entity is required to assume that the taxation authority will examine amounts it has a right to examine and has full knowledge of all information when making its examination. An entity must also consider the probability that the taxation authority will accept an uncertain tax treatment used, or proposed to be used, by the entity in its income tax filings and reassess any judgments and estimates made if the facts and circumstances change or new information becomes available. The effective date of the interpretation is for annual periods beginning on or after January 1, 2019 applied retrospectively or using a modified retrospective application without restatement of comparatives. Earlier application is permitted. The adoption of the interpretation is not expected to have a significant impact on the Company’s financial statements.

4. Acquisitions

Acquisition of equity accounted investees

Keylink National Title, LLC (“Keylink”)

Effective April 1, 2017, the Company purchased the remaining forty-nine percent interest in Keylink. Accordingly, the Company re-measured its previously held fifty-one percent ownership interest at its estimated fair value upon obtaining control. No gain or loss was recognized in the statement of operations and comprehensive income or loss since the carrying amount of this investment already reflected its current fair value resulting from a previously recorded impairment charge (Note 13).

The acquisition of Keylink qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of Keylink have been consolidated in the financial statements of the Company from April 1, 2017. Financial results before April 1, 2017 were recorded to net income or loss from equity accounted investees in the statement of operations and comprehensive income or loss.

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Cash consideration paid, the carrying amount of the Company's previously held equity method investment and the fair value allocation to the net assets acquired were as follows:

	2017
Consideration	
Cash	\$ 50
Carrying amount of previously held equity method investment	50
	<u>\$ 100</u>
Net assets acquired	
Cash	\$ 69
Prepaid expenses	4
Goodwill (Note 6)	62
Trade payables	(3)
Accrued charges	(32)
Total net assets acquired	<u>\$ 100</u>

Goodwill was allocated to the Company's U.S. segment and is deductible for tax purposes.

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

Effective April 1, 2017, the Company amended the operating agreement with its LTSS joint venture partner. The amendment resulted in the Company obtaining control over the joint venture. Therefore, LTSS became a controlled subsidiary of the Company which required the Company to discontinue the use of equity method accounting. Accordingly, the Company re-measured its previously held forty-nine percent ownership interest at its estimated fair value and recorded a non-cash loss in the statement of operations and comprehensive income or loss upon obtaining control.

The acquisition of LTSS qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of LTSS have been consolidated in the financial statements of the Company from April 1, 2017. Financial results before April 1, 2017 were recorded to net income or loss from equity accounted investees in the statement of operations and comprehensive income or loss.

The fair value of non-controlling interests, the carrying amount of the Company's previously held equity method investment, the re-measurement loss recorded, and the fair value allocation to the net assets acquired were as follows:

	2017
Fair value of fifty-one percent ownership interest (non-controlling interests)	\$ 1,496
Carrying amount of previously held equity method investment	2,414
Re-measurement loss on previously held equity method investment	(976)
	<u>\$ 2,934</u>
Net assets acquired	
Cash	\$ 409
Trade and other receivables	468
Prepaid expenses	6
Goodwill (Note 6)	2,185
Property and equipment (Note 7)	29
Trade payables	(103)
Accrued charges	(60)
Total net assets acquired	<u>\$ 2,934</u>

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Goodwill was allocated to the Company's U.S. segment and is not deductible for tax purposes. Goodwill arising from this acquisition was largely attributable to the revenue streams generated from the relationship between the Company and its joint venture partner.

Linear Title & Closing Ltd. ("Linear")

On April 1, 2016, the Company acquired substantially all of the assets and liabilities of Linear. Linear provides residential and commercial real estate title and closing services in the U.S. to lenders for refinance, purchase, and real estate owned transactions. The Company is licensed or authorized to provide these services in 42 states, as well as Puerto Rico. In eight states, the Company offers title and closing solutions through agreements with licensed title providers. The Company also derives revenue from its abstracting services which are offered nationally to clients in the real estate industry and provides access to its various software platforms to other title agencies for a subscription fee.

The Company completed the acquisition of Linear with the objective of leveraging its strong customer relationships, established in the appraisal services market, in the title and closing market. The Company expects to further leverage its network strategy.

The acquisition of Linear qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of the acquisition have been included in the financial statements of the Company from the date of closing.

Consideration and the final fair value allocation to net assets acquired were as follows:

	2016
Consideration	
Cash	\$ 44,165
Common shares	22,000
Contingent consideration	31,772
	<u>\$ 97,937</u>
Net assets acquired	
Cash	\$ 2,295
Trade and other receivables (net of \$706 for amounts not expected to be collected)	5,155
Prepaid expenses	214
Intangibles (Note 5)	55,920
Goodwill (Note 6)	33,011
Property and equipment (Note 7)	1,700
Investment in equity accounted investees	7,694
Trade payables	(4,687)
Accrued charges	(341)
Finance lease obligations	(736)
Non-controlling interests (measured at fair value)	(2,288)
Total net assets acquired	<u>\$ 97,937</u>

Goodwill was allocated to the Company's U.S. segment and is deductible for tax purposes. Goodwill arising on the acquisition reflected the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

Contingent consideration was principally comprised of earn-out payments due to certain sellers for meeting certain performance conditions. The Company assessed the amounts payable at full for each earn-out payment, reflecting its assessment of the markets, historical performance, expectations about future performance, the economic environment,

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and other factors that could meaningfully impact the earn-outs. The estimated amount payable in respect of the acquiree's first year performance was not discounted and was included in accrued charges on the Company's consolidated statement of financial position. The earn-out for the acquiree's first year performance was achieved and \$20,000 was paid in May 2017.

The estimated \$10,000 amount payable in respect of the acquiree's second year earn-out has been discounted at a rate of 3.85% and was recorded to other liabilities on the Company's consolidated statement of financial position until March 31, 2017 and has since been reclassified to accrued charges. In addition, the Company is required to reimburse the sellers up to \$2,500 in the event that the sellers are liable for additional tax owing to the regulatory authorities as a result of the acquisition's structure. The Company has entered into a subsequent agreement with the sellers of Linear which will result in the Company guaranteeing the second year earn-out at \$10,000. In addition, the subsequent agreement will settle the Company's contingent obligation to reimburse the sellers for certain tax amounts for no consideration. Accordingly, the amount previously accrued for contingent tax amounts totaling \$2,500 has been reversed. The reversal was recorded to acquisition and initial public company costs in the consolidated statements of operations and comprehensive income or loss.

Linear contributed revenues of \$37,232 and a net loss of \$255 to the Company's results of operations for 2016 from its date of closing.

The following unaudited pro forma results of operations assume Linear was acquired by the Company on October 1, 2015:

	2016
	(unaudited)
Revenues	\$ 276,490
Net loss	\$ (9,340)
Net loss attributable to common shareholders	\$ (9,542)
Net loss per weighted average share, basic ⁽¹⁾	\$ (0.13)
Net loss per weighted average share, diluted ⁽¹⁾	\$ (0.13)

Note

⁽¹⁾ Net loss per weighted average share, basic and diluted, have been restated to reflect the share consolidation which took effect immediately prior to the closing of the Offering.

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on October 1, 2015. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future, or reflect future events that may occur following the acquisition in a subsequent period or periods.

The net cash outflow related to the acquisition of Linear was as follows:

Consideration paid in cash	\$ 44,165
Less: cash balances acquired	2,295
	<u>\$ 41,870</u>

Other Acquisition

On January 4, 2016, the Company acquired a business, comprising certain assets and liabilities of the Mark to Market ("M2M") business, from Mortgage Specialists International LLC. M2M arranged or facilitated valuation services, including appraisals and broker price opinions ("BPOs").

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Management acquired M2M to diversify its product offerings to include BPOs. In addition, management intends to cross-sell services amongst and between customers in its existing and newly acquired business.

The acquisition of M2M qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of the acquisition have been included in the financial statements of the Company from the date of closing.

Consideration and the final fair value allocation to net assets acquired, were as follows:

	2016
Consideration	
Cash	\$ 4,340
Net assets acquired	
Trade and other receivables	612
Intangibles (Note 5)	2,673
Goodwill (Note 6)	1,300
Property and equipment (Note 7)	128
Trade payables	(373)
Total net assets acquired	\$ 4,340

Goodwill was allocated to the Company's U.S. segment and is deductible for tax purposes. Goodwill arising on the acquisition reflected the benefits attributable to synergies, revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Acquisition expenses

Transaction costs for acquisitions are included in acquisition and initial public offering costs. For the year ended September 30, 2017, no transaction costs were incurred for current year acquisitions (September 30, 2016 - \$2,202 and \$204 for the Linear and M2M acquisitions, respectively). For the year ended September 30, 2017, the Company recorded a recovery of \$1,344 to acquisition costs. The recovery was due to the reversal of the contingent liability for additional tax owing by the sellers of Linear partially offset by adjustments to receivable amounts for net working capital.

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5. Intangibles

	2017					
	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	\$ 8,371	\$ 55,984	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,212
Additions	-	-	-	-	-	-
Additions, acquisitions	-	-	-	-	-	-
Foreign currency translation adjustment	427	310	-	-	-	737
Balance, end of year	\$ 8,798	\$ 56,294	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,949
Accumulated amortization						
Balance, beginning of year	\$ 7,959	\$ 19,032	\$ 718	\$ 1,411	\$ 574	\$ 29,694
Amortization	380	15,140	720	1,907	1,502	19,649
Foreign currency translation adjustment	425	310	-	-	-	735
Balance, end of year	\$ 8,764	\$ 34,482	\$ 1,438	\$ 3,318	\$ 2,076	\$ 50,078
Net carrying value, end of year	\$ 34	\$ 21,812	\$ 859	\$ 2,402	\$ 11,764	\$ 36,871
	2016					
	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	\$ 8,198	\$ 17,013	\$ 812	\$ 1,295	\$ -	\$ 27,318
Additions	-	3	-	-	-	3
Additions, acquisitions (Note 4)	-	38,843	1,485	4,425	13,840	58,593
Foreign currency translation adjustment	173	125	-	-	-	298
Balance, end of year	\$ 8,371	\$ 55,984	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,212
Accumulated amortization						
Balance, beginning of year	\$ 6,893	\$ 9,276	\$ 223	\$ 178	\$ -	\$ 16,570
Amortization	909	9,631	495	1,230	574	12,839
Other movements	-	-	-	3	-	3
Foreign currency translation adjustment	157	125	-	-	-	282
Balance, end of year	\$ 7,959	\$ 19,032	\$ 718	\$ 1,411	\$ 574	\$ 29,694
Net carrying value, end of year	\$ 412	\$ 36,952	\$ 1,579	\$ 4,309	\$ 13,266	\$ 56,518

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6. Goodwill

	2017	2016
Cost		
Balance, beginning of year	\$ 56,643	\$ 22,332
Acquisitions (Note 4)	2,247	34,311
Balance, end of year	\$ 58,890	\$ 56,643
Accumulated impairment		
Balance, beginning of year	\$ -	\$ -
Balance, end of year	\$ -	\$ -
Net carrying value, end of year	\$ 58,890	\$ 56,643

The carrying value of the Company's goodwill as at September 30, 2017 and 2016 has been fully allocated to a group of CGUs which ultimately represents its U.S. segment.

Impairment testing

The value in use for each CGU group is determined by discounting three-year cash flow projections from financial forecasts developed by senior management. Projections reflect past experience and future expectations of operating performance. The Company applied perpetuity growth rates to cash flows in the terminal year. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which the Company operates. The discount rates applied to the cash flow projections are derived from the weighted average cost of capital adjusted for a size premium for each group of CGUs.

The following table outlines the key assumptions used to estimate the recoverable amounts of the Company's CGU group where goodwill has been allocated:

	2017	2016
	U.S. Segment	U.S. Segment
<i>Key assumptions used</i>		
Pre-tax discount rate	21.3%	24.2%
Perpetuity growth rate	2.4%	2.5%

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU group to exceed its recoverable amount.

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7. Property and Equipment

	2017			
	Computer equipment	Furniture and fixtures	Leasehold improve- ments	Total
Cost				
Balance, beginning of year	\$ 2,384	\$ 1,456	\$ 2,235	\$ 6,075
Additions	541	431	835	1,807
Additions, acquisitions (Note 4)	3	26	-	29
Disposals	(54)	-	-	(54)
Other movements and transfers	123	(123)	-	-
Foreign currency translation adjustment	27	12	46	85
Balance, end of year	\$ 3,024	\$ 1,802	\$ 3,116	\$ 7,942
Accumulated amortization				
Balance, beginning of year	\$ 808	\$ 429	\$ 806	\$ 2,043
Amortization	911	367	314	1,592
Disposals	(54)	-	-	(54)
Other movements and transfers	88	(44)	20	64
Foreign currency translation adjustment	18	3	37	58
Balance, end of year	\$ 1,771	\$ 755	\$ 1,177	\$ 3,703
Net carrying value, end of year	\$ 1,253	\$ 1,047	\$ 1,939	\$ 4,239
2016				
	Computer equipment	Furniture and fixtures	Leasehold improve- ments	Total
Cost				
Balance, beginning of year	\$ 1,120	\$ 600	\$ 1,421	\$ 3,141
Additions	504	589	379	1,472
Additions, acquisitions (Note 4)	1,075	323	430	1,828
Disposals	(411)	(80)	-	(491)
Foreign currency translation adjustment	96	24	5	125
Balance, end of year	\$ 2,384	\$ 1,456	\$ 2,235	\$ 6,075
Accumulated amortization				
Balance, beginning of year	\$ 486	\$ 240	\$ 627	\$ 1,353
Amortization	728	266	168	1,162
Disposals	(411)	(80)	-	(491)
Foreign currency translation adjustment	5	3	11	19
Balance, end of year	\$ 808	\$ 429	\$ 806	\$ 2,043
Net carrying value, end of year	\$ 1,576	\$ 1,027	\$ 1,429	\$ 4,032

At September 30, 2017, assets under finance leases totaled \$202 (2016 - \$220). There were no impairment write-downs or any reversals of previous write-downs in the years presented.

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8. Long-Term Debt

	2017		2016	
Senior term facilities	\$	-	\$	16,196
Revolving credit facility		-		-
	\$	-	\$	16,196
Deferred financing costs ⁽¹⁾	\$	-	\$	(484)
Less: accumulated amortization		-		79
	\$	-	\$	(405)
Total	\$	-	\$	15,791
Less: current portion of long-term debt		-		1,400
	\$	-	\$	14,391

Note

⁽¹⁾ Deferred financing costs were reclassified to other assets on the consolidated statements of financial position subsequent to the repayment of all amounts under the senior term facilities after the closing of the Offering.

Senior term facilities (the “senior facilities”)

In February 2016, the Company entered into an agreement for a committed term loan of \$27,000 (the “2016 facility”). The 2016 facility requires the Company to make quarterly principal repayments of \$150 and a \$4,650 balloon payment at maturity. The 2016 facility matures on April 1, 2021 and bears interest ranging from Prime + 0.25% to 1.75% or LIBOR + 1.50% to 3.00%. At September 30, 2017, the Company had drawn \$nil (2016 - \$7,196) on the 2016 facility.

In May 2015, the Company through its subsidiary, Solidifi U.S. Inc., entered into an agreement for a committed term loan of \$20,000 (the “2015 facility”). The 2015 facility requires the Company to make quarterly principal repayments of \$200 and a \$6,200 balloon payment at maturity. The 2015 facility matures on May 1, 2020 and bears interest ranging from Prime +0.25% to 1.75% or LIBOR +1.50% to 3.00%. At September 30, 2017, the Company had drawn \$nil (2016 - \$9,000) on the 2015 facility.

All amounts drawn on the senior facilities were repaid in connection with the Offering as required by the mandatory prepayment conditions of this indebtedness.

Unutilized portions of the facilities continue to be available to the Company subject to the original terms of the senior facilities.

Revolving credit facility

The Company has available a demand revolving credit facility (the “revolving credit facility”) totaling C\$15,000. The revolving credit facility bears interest ranging from Prime +0.25% to 1.75% or LIBOR +1.50% to 3.00%. At September 30, 2017, the Company had drawn \$nil (2016 - \$nil) on the revolving credit facility. Availability under the revolving credit facility is subject to good quality receivables.

Security and debt covenants

All facilities are secured by a general security agreement, which provides the lender with a first, fixed and floating charge over all assets, including intellectual property, an unlimited guarantee and postponement of claim by all wholly owned subsidiaries, and certain other securities.

The Company is subject to certain covenants and was in compliance with all such covenants related to these facilities, including financial covenants regarding debt and fixed charge coverage ratios and capital expenditure restrictions, as of September 30, 2017.

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Interest expense recognized in the current year is comprised of the following:

	2017		2016
Senior and revolving credit facilities	\$ 343	\$	378
Amortization of deferred financing costs	104		79
Accretion	363		177
Finance leases	66		42
Other	13		11
	\$ 889	\$	687

9. Warrant Liabilities

The Company had issued special warrants which were exchangeable for common share purchase warrants. All special warrants were automatically converted into common share purchase warrants on the completion of the Offering (together with other satisfied events). All outstanding purchase warrants are exercisable and expire between two and five years following the date of the Offering. Warrant liabilities convert into the Company's common shares when exercised and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the consolidated statement of operations and comprehensive income or loss. There are no circumstances which require the Company to pay cash upon exercise or expiry of the warrants.

From May 11, 2017 to September 30, 2017, 674 warrants were exercised, of which 435 were exercised in a cashless conversion, resulting in the issuance of 627 common shares. These warrants had a fair value of \$4,961 at the date of exercise, determined using the Black-Scholes-Merton option pricing model and this amount was transferred from warrant liabilities to common shares. The Company also recorded a \$240 loss, resulting from fair valuing the warrants on exercise, to the consolidated statement of operations and comprehensive loss.

At September 30, 2017, there were 1,732 (September 30, 2016 – 2,406) warrants outstanding after giving effect to the share capital changes occurring immediately prior to the closing of the Offering, all having an exercise price of C\$1.38 (September 30, 2016 - C\$1.38) per share and representing a total liability of \$12,820 at September 30, 2017 (September 30, 2016 - \$12,148).

Warrants are measured at fair value using the Black-Scholes-Merton option pricing model applying the following assumptions: volatility of 13.7% (2016 - 16.2%), a risk-free interest rate of 1.14% (2016 - 0.52%), a dividend yield of nil% (2016 - nil %) and expected life of 26 months (2016 - 7 months).

10. Shareholder's Equity

Common shares

Prior to the Offering, the Company's authorized share capital consisted of an unlimited number of Class A and Class B common shares having no par value. There were 153,646 Class A common shares and no Class B common shares issued and outstanding at that time.

Immediately prior to the closing of the Offering, the Company amended its articles to effect the share capital changes outlined in Note 1.

As a result of these changes, the authorized share capital of the Company consisted of an unlimited number of common shares, of which 77,242 common shares were issued and outstanding immediately prior to the Offering, and an unlimited number of preferred shares, none of which were issued and outstanding.

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Following the share reorganization, the Company issued 9,620 common shares from treasury in connection with the Offering for cash proceeds of \$93,756. The Company incurred share issuance costs of \$6,000 and the related tax effect thereon was \$1,566.

Details of common shares are as follows:

	2017	
	Number of shares	Amount
Balance, beginning of year	75,128	\$ 164,629
Common shares issued, net of issue costs and income taxes, during the year	10,370	89,330
Common shares issued on exercise of stock options, during the year	1,407	454
Common shares issued on exercise of warrants, during the year	627	5,212
Balance, end of year	87,532	\$ 259,625

	2016	
	Number of shares ⁽¹⁾	Amount
Balance, beginning of year	63,880	\$ 98,871
Common shares issued, net of issue costs and income taxes, during the year	7,500	43,758
Common shares issued as partial consideration for an acquisition	3,748	22,000
Balance, end of year	75,128	\$ 164,629

Note

⁽¹⁾ The number of common shares have been restated to reflect the share consolidation which took effect immediately prior to the closing of the Offering.

On April 4, 2016, the Company completed a private placement and issued 7,500 common shares in exchange for cash proceeds of \$45,251 to partially fund the acquisition of Linear, (Note 4). In connection with this private placement, the Company incurred share issuance costs of \$2,031 and the related tax effect thereon totaled \$538. In conjunction with the Linear acquisition, the Company also issued 3,748 common shares to the sellers of Linear representing consideration of \$22,000.

In connection with this private placement, the Company was further obligated to issue an additional 750 common shares for no consideration if it did not complete its IPO before the end of calendar year 2016. An additional 750 common shares were issued in January 2017 as the Company did not meet the target date for the completion of its IPO.

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11. Net Loss per Weighted Average Share

The following table outlines the components used in the calculation of basic and diluted net loss per share attributable to common shareholders:

	2017	2016 ⁽¹⁾
Net loss	\$ (23,769)	\$ (6,079)
Net loss attributable to common shareholders	\$ (24,014)	\$ (6,281)
Weighted average number of shares, basic	80,280	69,489
Dilutive effect of stock options and warrants	4,812	6,367
Dilutive effect of contingently issuable common shares (Note 10)	-	750
Weighted average number of shares, diluted	85,092	76,606
Net loss per weighted average share, basic	\$ (0.30)	\$ (0.09)
Net loss per weighted average share, diluted	\$ (0.30)	\$ (0.09)

Note

⁽¹⁾ The weighted average number of shares, basic and diluted, the dilutive effect of stock options, warrants and contingently issuable common shares and net loss per weighted average share, basic and diluted, have been restated to reflect the share consolidation which took effect immediately prior to the closing of the Offering outlined in Note 1.

12. Operating Expenses and Acquisition and Initial Public Offering Costs

	2017	2016
Operating expenses:		
Salaries and benefits	\$ 64,739	\$ 41,507
Sales and marketing	951	863
Travel and entertainment	2,221	1,529
Office and computer	12,532	7,779
Professional fees	2,753	2,090
Other	3,215	1,708
	\$ 86,411	\$ 55,476
Acquisition and initial public offering costs:		
Acquisition (recovery) costs	\$ (1,344)	\$ 2,406
Initial public offering costs	2,953	599
	\$ 1,609	\$ 3,005

For the year ended September 30, 2017, the Company recognized an expense of \$622 (2016 - \$308) in salaries and benefits, which represents contributions made in connection with defined contribution plans.

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13. Impairment of Assets

In April 2017, the Company and two of its joint venture partners had discussions to end their joint venture arrangements. These discussions constituted an indication of impairment under IAS 36, Impairment of Assets. Accordingly, the Company assessed the recoverable amount of these equity accounted investments. As a result of this assessment, the two investments in equity accounted investees recorded in the Company's U.S. segment were determined to be impaired. The Company recorded an impairment charge of \$5,096 to the consolidated statement of operations and comprehensive loss. The charge was determined by comparing the carrying value of the investments to their fair value less costs of disposal. The Company estimated fair value based on information available reflecting the amount that it could obtain from the disposal of the investments in an arm's length transaction, Level 2 in the fair value hierarchy. The resulting carrying value of these investments was \$50 following the impairment charge.

14. Changes in Non-Cash Working Capital Items

The following table outlines changes in non-cash working capital items:

	2017	2016
Trade and other receivables	\$ (2,420)	\$ (9,289)
Prepaid expenses	(335)	202
Trade payables	(7,364)	452
Accrued charges	(3,960)	2,317
Deferred revenues	(7)	(31)
Effect of foreign currency translation adjustments and other non-cash changes	2,570	(2,082)
	\$ (11,516)	\$ (8,431)

15. Stock Based Compensation

The Company had a legacy stock option plan (the "legacy plan") for directors, officers, contractors and employees. Stock options granted under the legacy plan qualified to vest in accordance with the qualification schedule determined by the board of directors or compensation committee as set out in the stock option certificate. A qualified stock option represented the portion of an option qualified to vest in accordance with the qualification schedule specified in the stock option certificate and included the portion of options that would otherwise have qualified to vest within twelve months of a vesting event. Qualified stock options vest and are exercisable on the occurrence of certain vesting events.

In February 2017, the vesting event for 945 qualified options (reflecting the share consolidation) was modified to allow for these awards to vest immediately. All 945 stock options were exercised following the modification. As a result of this modification, the Company recognized stock-based compensation expense of \$53.

On November 7, 2016, the Company awarded a certain director 25 stock options (reflecting the share consolidation). On December 15, 2016, the Company awarded certain employees and a director 207 stock options (reflecting the share consolidation). Options granted to directors, 50, vested immediately on grant, while the balance of the options vest equally on their grant date and their first, second and third anniversary from the date of grant. All options expire on the 10th anniversary from the date of grant.

In conjunction with the Offering, stock options granted under the legacy plan to acquire Class A common shares were consolidated on a two-for-one basis to acquire common shares at a post-consolidation exercise price, leaving the value of such options unchanged. The closing of the Offering was a deemed vesting event under the Company's legacy plan, such that all qualified stock options vested and became exercisable. Options which were not qualified options as of the closing date of the Offering continue to time vest in accordance with the provisions of the qualification schedule issued

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concurrent with the original grant and once time vested, are exercisable. Following the Offering, no additional options will be granted under the legacy plan and any outstanding legacy plan options will be governed by the terms of the Company's newly adopted long-term incentive plan ("LTIP").

LTIP

The purpose of the LTIP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, directors and consultants and to promote the success of the Company's business. The following types of awards may be issued under the LTIP: restricted share units ("RSUs"), performance share units ("PSUs") or stock options. The Company's current intention is to only issue stock options as long-term incentive and has no intention to grant RSUs or PSUs.

RSUs

Subject to the discretion of the plan administrator, RSUs granted under the LTIP vest equally on their first, second and third anniversary from the date of grant. Upon vesting, holders will receive, at the option of the Company, either one common share from treasury for each vested RSU or the cash equivalent in respect of each vested RSU.

PSUs

A PSU entitles the holder to receive common shares based on the achievement of performance goals over a period of time as established by the plan administrator. The performance goals established by the plan administrator may be based on the achievement of corporate, divisional or individual goals, and may be established relative to performance against an index or comparator group, in each case as determined by the plan administrator. The performance goals may include a threshold level of performance below which no payment will be made, levels of performance at which specified payments will be made and a maximum level of performance above which no additional payment will be made. Upon vesting, holders will receive, at the option of the Company, either common shares issued from treasury in proportion to the number of vested PSUs held and the level of performance achieved or the cash equivalent.

RSUs and PSUs shall be credited with dividend equivalents in the form of additional RSUs or PSUs, as applicable. Dividend equivalents shall vest in proportion to the awards to which they relate.

Stock options

Subject to the discretion of the plan administrator, stock options granted under the LTIP vest equally on their first, second and third anniversary from the date of grant. Each stock option expires on the date that is the earlier of 10 years from the date of grant or such earlier date as may be set out in the participant's award agreement.

On May 11, 2017, the Company awarded certain executive officers, directors and employees an aggregate of 1,325 stock options all having an exercise price equal to the Offering price and expiring 10 years from the date of grant. Options granted to directors, 203, vested immediately on grant, while the balance of the options vest equally on their first, second and third anniversary from the date of grant.

On May 17, 2017, the Company awarded certain employees an aggregate of 18 stock options. All the options granted vest equally on their first, second and third anniversary dates and expire on the 10th anniversary from the date of grant.

On August 15, 2017, the Company awarded certain employees an aggregate of 52 stock options. All the options granted vest equally on their first, second, and third anniversary dates and expire on the 10th anniversary from the date of grant.

To estimate the fair value of its options, the Company used the Black-Scholes-Merton option pricing model which requires the use of several input variables. These variables include the expected volatility, the risk free interest rate and the estimated length of time employees will retain their options before exercising them. Changes in these variables can materially impact the estimated fair value of stock-based compensation and consequently, the related amount recognized to operating expenses in the consolidated statement of operations and comprehensive income or loss. In calculating the fair value of stock options at the date of grant, the following weighted average assumptions were used:

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Grant date - November 7, 2016 and December 15, 2016

Dividend yield	-
Expected volatility	16.7%
Risk free interest rate	0.8%
Expected remaining life, stated in years	6.0
Exercise price (expressed in C\$)	\$ 10.50
Fair value, per option (expressed in C\$)	\$ 1.92

Grant date - May 11, 2017

Dividend yield	-
Expected volatility	16.0%
Risk free interest rate	1.3%
Expected remaining life, stated in years	5.9
Exercise price (expressed in C\$)	\$ 13.00
Fair value, per option (expressed in C\$)	\$ 2.44

Grant date - May 17, 2017

Dividend yield	-
Expected volatility	16.3%
Risk free interest rate	1.3%
Expected remaining life, stated in years	6.0
Exercise price (expressed in C\$)	\$ 12.80
Fair value, per option (expressed in C\$)	\$ 2.48

Grant date - August 15, 2017

Dividend yield	-
Expected volatility	18.3%
Risk free interest rate	1.1%
Expected remaining life, stated in years	6.0
Exercise price (expressed in C\$)	\$ 8.63
Fair value, per option (expressed in C\$)	\$ 1.78

	2017		2016 ⁽¹⁾	
	Number of options	Weighted average exercise price (C\$), expressed in dollars	Number of options	Weighted average exercise price (C\$), expressed in dollars
Outstanding balance, beginning of year	6,315	\$ 2.46	5,723	\$ 1.74
Granted, during the year	1,627	\$ 12.50	822	\$ 7.20
Exercised, during the year ⁽²⁾	(1,483)	\$ 0.82	-	\$ -
Forfeited, during the year	(329)	\$ 4.57	(230)	\$ 1.80
Outstanding balance, end of year	6,130	\$ 5.40	6,315	\$ 2.46
Options outstanding and exercisable	4,511	\$ 3.28	-	\$ -

Notes

⁽¹⁾ The number of options and weighted average exercise price have been restated to reflect the share consolidation which took effect immediately prior to the closing of the Offering.

⁽²⁾ During the year, 495 options, included in the total number of options exercised, were exercised on a cashless basis which resulted in the issuance of 419 common shares.

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The Company recorded stock option expense of \$3,497 (2016 - \$nil) to operating expenses in the consolidated statement of operations and comprehensive income or loss for the year ended September 30, 2017.

The following table summarizes certain information for stock options outstanding as at September 30, 2017:

Exercise price, expressed in C\$	Number of options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 0.91	301	1.09	301
\$ 1.23	218	1.86	218
\$ 1.69	445	2.46	445
\$ 1.84	722	4.45	722
\$ 2.21	134	5.56	134
\$ 2.28	178	2.97	178
\$ 2.40	1,643	6.86	1,616
\$ 4.60	156	7.79	135
\$ 5.00	224	8.15	122
\$ 8.00	529	8.72	344
\$ 8.63	50	9.88	-
\$ 10.50	218	9.20	93
\$ 12.80	18	9.63	-
\$ 13.00	1,294	9.61	203
	6,130	6.58	4,511

16. Related Party Transactions

Compensation of Key Management Personnel

The Company's key management personnel comprise the board of directors and certain members of the executive team. Compensation for key management personnel, recorded to operating expenses, was as follows:

	2017	2016
Salaries and benefits	\$ 2,466	\$ 3,109
Stock-based compensation	\$ 2,586	\$ -

Equity Accounted Investees

The Company provides services to, and purchases services from, its equity accounted investees. Transactions during the year were as follows:

	2017	2016
Services sold	\$ 326	\$ 711
Services purchased	\$ 115	\$ 652

The following balances were outstanding at the end of the year between the Company and its equity accounted investees:

	2017	2016
Amounts owed by equity accounted investees	\$ 506	\$ 825
Amounts owed to equity accounted investees	\$ -	\$ 844

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17. Commitments and Contingencies

The Company leases office space and equipment under various operating leases. Payments for the next five years ending September 30 and thereafter are as follows:

2018	\$	2,282
2019		1,833
2020		1,440
2021		1,160
2022		1,102
Thereafter		2,396
	\$	10,213

The Company has entered into finance leases for computer equipment and furniture and fixtures with maturities and interest rates ranging from 2018 to 2020 and 2.2% to 12.5%, respectively. Future minimum lease payments required under finance lease obligations in each of the next five years ending September 30 and thereafter are as follows:

2018	\$	410
2019		161
2020		9
2021		-
2022		-
Thereafter		-
		580
Less: amount representing interest		38
		542
Less: current portion		402
	\$	140

The Company administers escrow accounts which represent undisbursed funds received for the settlement of certain residential and commercial real estate title and closing transactions. Deposits at Federal Deposit Insurance Corporation ("FDIC") institutions are insured up to \$250. Cash deposited in these escrow accounts totaled \$57,890 at September 30, 2017 (2016 - \$77,876) which are not assets of the Company and, therefore excluded from the Company's consolidated statements of financial position. However, the Company remains contingently liable for the distribution of these deposits.

The Company has been named as defendant in a putative collective action lawsuit filed on October 17, 2016 (the "Complaint") on behalf of certain current and former employees of the Company. The Complaint alleges, amongst other things, that the Company owes certain employees overtime compensation for work performed. The Company has determined that the collective action applies to approximately 30 current and former employees of the Company. The opt-in period for the collective action expired with a total of six former employees joining.

The Company intends to vigorously defend the Complaint. Based on the Company's review of the claim and consultation with external counsel, \$120 has been accrued in respect of this matter.

The Company is also subject to certain lawsuits and other claims arising in the ordinary course of business. The outcome of these matters is subject to resolution. Based on management's evaluation and analysis of these matters, when determinable, the amount of any potential loss is accrued. Management believes that any amounts above those accrued will not be material to the financial statements.

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18. Financial Instruments

The following tables outline the hierarchical measurement categories for the fair value of financial assets and liabilities. At September 30, 2017 and 2016, financial assets and liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

						2017
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)			Total
Warrant liabilities	\$ -	\$ (12,820)	\$ -	\$	\$	(12,820)
Contingent consideration - accrued charges	-	-	(9,813)			(9,813)
	\$ -	\$ (12,820)	\$ (9,813)	\$	\$	(22,633)
						2016
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)			Total
Warrant liabilities	\$ -	\$ -	\$ (12,148)	\$	\$	(12,148)
Contingent consideration - accrued charges	-	-	(22,500)			(22,500)
Contingent consideration - other liabilities	-	-	(9,450)			(9,450)
	\$ -	\$ -	\$ (44,098)	\$	\$	(44,098)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing categorization at the end of the reporting period. For the year ended September 30, 2017, transfers out of Level 3 related to warrant liabilities as a significant previously unobservable input (Level 3) became observable (Level 2) due to the Offering.

For the year ended September 30, 2017, there were no changes to the valuation techniques.

The following table outlines the change in estimated fair value for recurring Level 3 financial instrument measurements for the years ended September 30, 2017 and 2016, respectively:

Significant unobservable inputs (Level 3)	2017	2016
Balance, beginning of year	\$ (44,098)	\$ (6,514)
Issued as contingent consideration for an acquisition	-	(31,772)
Unrealized losses included in the consolidated statement of operations, during the year	(2,875)	(5,615)
Settlements	25,486	-
Transfers out, during the year	12,820	-
Foreign currency translation adjustment	(1,146)	(197)
Balance, end of year	\$ (9,813)	\$ (44,098)

Details regarding the fair value of contingent consideration are outlined in Note 4.

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

Estimated fair value

The carrying value of cash and cash equivalents, trade and other receivables, trade payables and accrued charges approximate their fair values due to the relatively short-term maturities of these instruments.

Financial risk management

In the normal course of business, the Company is exposed to financial risks that have the potential to impact its financial performance, including credit risk, liquidity risk and market risk. The Company's primary objective is to protect its operations, cash flows and ultimately shareholder value. The Company designs and implements risk management strategies but does not typically use derivative financial instruments to manage these risks.

Credit risk

Credit risk is the risk that the Company's counterparties will fail to meet their financial obligations to the Company, causing the Company a financial loss. The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amounts of financial assets on the consolidated statements of financial position represent the Company's maximum credit exposure at the statement of financial position date. The Company's credit risk is primarily attributable to its trade receivables which is limited by the Company's broad customer base. At September 30, 2017, one customer represented more than 10% (2016 – no customers represented more than 10%) of the Company's total trade and other receivables.

To limit credit risk, the Company monitors its aged receivable balances on a continuous basis. In addition, a significant portion of the Company's revenue is settled on closing through an escrow account having no credit terms attributable to collection. The Company's customers are financial and lending institutions that are typically well funded, which also limits the Company's exposure to credit risk. In certain circumstances, the Company may also require customer deposits or pre-payments to limit credit risk. While the Company has risk mitigation processes in place, there can be no certainty that it can eliminate all credit risk. Accordingly, these processes may not be effective in the future and the potential for credit losses may increase.

Trade and other receivables

	2017	2016
Trade receivables	\$ 30,789	\$ 26,422
Settlement receivables	935	1,217
Other	1,153	1,583
Allowance for doubtful accounts	(777)	(10)
	\$ 32,100	\$ 29,212

The following table outlines the change in the allowance for doubtful accounts:

	2017	2016
Balance, beginning of year	\$ (10)	\$ (19)
Impairment losses recognized, during the year	(848)	(326)
Write-offs, during the year	84	333
Recoveries, during the year	-	-
Foreign currency translation adjustment	(3)	2
Balance, end of year	\$ (777)	\$ (10)

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The aging of trade and other receivables was as follows:

	2017		2016
Current	\$ 23,403	\$	21,660
Over 30 days	5,110		4,114
Over 60 days	1,149		1,354
Over 90 days	3,215		2,094
Total gross trade and other receivables	32,877		29,222
Less: allowance for doubtful accounts	777		10
Total trade and other receivables	\$ 32,100	\$	29,212

Foreign currency risk

Foreign currency risk arises because of fluctuations in foreign currency exchange rates. The Company's objective is to minimize its net exposure to foreign currency cash flows by holding U.S. dollar cash balances and matching them with U.S. dollar obligations arising from its U.S. operations and matching Canadian dollar obligations to its Canadian operations.

Since the Company has elected to report its financial results in U.S. dollars, the Company is exposed to foreign currency fluctuations on its reported amounts of Canadian assets and liabilities. As at September 30, 2017, the Company had net assets of \$51,687 (2016 – net liabilities of \$18,201) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in plus or minus \$5,169 (2016 - \$1,820) change in the value of net assets recorded on the Company's statements of financial position. All such changes are recorded to other comprehensive income or loss.

Interest rate risk

The Company's drawings on its senior facilities and revolving credit facility are subject to interest rate fluctuations with bank prime or LIBOR. Accordingly, senior facility and revolving facility drawings, if any, are subject to interest rate risk. Since the Company currently has no amounts drawn on its senior facilities or revolving credit facility, a rise or fall in the variable interest rate does not impact interest expense.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to settle financial liabilities through the delivery of cash or another financial asset. The Company's objective is to manage operational uncertainties, including, but not limited to, unfavourable real estate trends, market share and sales volumes.

The Company also maintains sufficient levels of working capital to settle its financial liabilities when they are contractually due and manages its debt covenant compliance.

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following tables outline the Company's remaining contractual maturities for its non-derivative financial liabilities based on the earliest date the Company is required to pay amounts owing:

		2017				
		Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 10,376	\$ 10,376	\$ -	\$ -	\$ -	
Accrued charges	\$ 12,207	\$ 12,207	\$ -	\$ -	\$ -	
Finance lease obligations	\$ 580	\$ 410	\$ 170	\$ -	\$ -	

		2016				
		Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 17,634	\$ 17,634	\$ -	\$ -	\$ -	
Accrued charges	\$ 26,755	\$ 26,755	\$ -	\$ -	\$ -	
Finance lease obligations	\$ 1,105	\$ 426	\$ 679	\$ -	\$ -	
Long-term debt	\$ 16,196	\$ 1,400	\$ 2,800	\$ 11,996	\$ -	
Other liabilities	\$ 9,450	\$ -	\$ 9,450	\$ -	\$ -	

19. Income Taxes

The components of income tax expense (recovery) are as follows:

	2017	2016
Current income tax expense		
Current year	\$ 1,729	\$ 567
Adjustments for prior periods	95	(38)
	1,824	529
Deferred income tax recovery		
Origination and reversal of temporary differences	(10,146)	(1,367)
Adjustments for prior periods	(81)	(53)
	(10,227)	(1,420)
Total income tax recovery	\$ (8,403)	\$ (891)

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table reconciles income tax recovery calculated at the Company's applicable statutory income tax rate with the reported amounts:

	2017	2016
Loss before income tax expense	\$ (32,172)	\$ (6,970)
Statutory income tax rate	26.5%	26.5%
Expected income tax recovery at the statutory income tax rate	(8,526)	(1,847)
Foreign income subject to tax at a different statutory income tax rate	(3,427)	(740)
Adjustments for prior periods	29	(97)
Non-deductible expenses and non-taxable income	3,342	1,524
Minimum tax	-	91
State tax	179	178
	\$ (8,403)	\$ (891)

Movements in deferred tax assets and liabilities during the year are as follows:

	2017				
	Balance, beginning of year	Recognized in net loss	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (153)	\$ 149	\$ -	\$ -	\$ (4)
Intangibles	(8,880)	16,102	-	35	7,257
Financing fees	611	17	1,622	117	2,367
Unutilized tax loss carryforwards	4,298	2,010	-	89	6,397
Unrealized foreign exchange gains	(1,294)	(307)	-	(6)	(1,607)
Contingent liabilities	12,780	(8,806)	-	-	3,974
Interest expense	1,127	888	-	-	2,015
Other	63	174	-	9	246
	\$ 8,552	\$ 10,227	\$ 1,622	\$ 244	\$ 20,645

	2016				
	Balance, beginning of year	Recognized in net loss	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (93)	\$ (59)	\$ -	\$ (1)	(153)
Intangibles	629	(9,521)	-	12	(8,880)
Financing fees	292	(228)	538	9	611
Unutilized tax loss carryforwards	5,594	(1,357)	-	61	4,298
Unrealized foreign exchange gains	-	(1,294)	-	-	(1,294)
Contingent liabilities	-	12,780	-	-	12,780
Interest expense	-	1,127	-	-	1,127
Other	88	(28)	-	3	63
	\$ 6,510	\$ 1,420	\$ 538	\$ 84	\$ 8,552

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Deferred income tax assets are recognized for unutilized tax loss carryforwards when the realization of the related tax benefit through future taxable income is probable. At September 30, 2017, the Company and its subsidiaries have \$6,863 (2016 - \$7,564) of non-capital loss carryforwards in Canada expiring in varying amounts between 2031 and 2037. The Company also has \$12,241 (2016 - \$7,403) of non-capital loss carryforwards in the U.S. expiring in varying amounts between 2032 and 2037. Total deferred tax assets of \$6,397 (2016 - \$4,298) were recognized on the full amount of these loss carryforwards. Although the Company has incurred losses in the current and prior years, deferred tax assets have been recorded because management has assessed that the combination of existing earnings before amortization and the ability to implement tax planning measures should allow the Company to realize the benefit of its deferred tax assets before factoring in expected growth in earnings.

No deferred tax is recognized on the amount of temporary differences arising between the carrying amount of an investment in subsidiary and an interest in a joint arrangement accounted for in these financial statements and the cost amount of these investments for tax purposes. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future.

20. Capital Management

The Company actively manages its debt and equity capital in support of its growth objectives and to ensure sufficient liquidity is available to support its financial obligations and operating and strategic plans, with a view to maximizing stakeholder returns.

The Company defines capital as equity (currently comprising common share capital), short-term and long-term indebtedness and cash and cash equivalents. The Company manages its capital structure, commitments and maturities and makes adjustments, where required, based on general economic conditions, financial markets, operating risks and working capital requirements. To maintain or adjust its capital structure, the Company may, with approval from its board of directors, as required, issue or repay debt and/or short-term borrowings, issue share capital or undertake other activities deemed appropriate. The board of directors reviews and approves the annual operating budgets, and any material transactions that are not part of the ordinary course of business, including proposals for acquisitions or other major capital transactions.

The Company monitors its capital structure by measuring its key covenants which include a debt-to-earnings ratio and interest coverage ratio. Key financial covenants contained in existing debt agreements are reviewed by management on a quarterly basis to monitor compliance.

The Company is not subject to any externally-imposed capital requirements.

21. Segmented Reporting

The Company conducts its business through two separate geographic segments: Canada and the U.S. The geographic locations of each operating segment limits the volume and number of transactions between them. The Company reports segment information based on internal reports used by the CODM to make operating and resource decisions and to assess performance. The CODM is the President and Chief Executive Officer.

The Canadian segment's primary service offering is residential mortgage appraisals for purchase, refinance and home equity mortgage origination transactions which are provided through its Solidifi brand. Additionally, the Company provides insurance inspection services to property and casualty insurers across Canada through its iv3 brand.

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The U.S. segment provides residential mortgage appraisals for purchase, refinance and home equity services through the Solidifi brand. In addition, Linear serves the title and closing market through residential and commercial real estate title and closing services directly in 42 states, as well as Puerto Rico and in 8 states through agreements with licensed title providers. In October 2017, Linear was rebranded Solidifi. Other title and closing service offerings include abstracting services and providing access to its software platforms to other title insurance agencies for a subscription fee.

The Company excludes corporate costs in the determination of each operating segment's performance. Corporate costs include certain executive and employee costs, legal, finance, internal audit, treasury, investor relations, human resources, technical and software development and other administrative support function costs.

The accounting policies for each operating segment are the same as those described in the basis of presentation and significant accounting policies (Note 2). The Company evaluates segment performance based on revenues, net of transaction costs.

	2017	2016
Revenues		
Canada	\$ 31,734	\$ 30,280
U.S.	271,242	218,267
	\$ 302,976	\$ 248,547
Revenues net of transaction costs		
Canada	\$ 5,171	\$ 5,212
U.S.	87,123	63,088
	\$ 92,294	\$ 68,300
Amortization		
Canada	\$ -	\$ -
U.S.	20,539	12,817
Corporate	702	1,184
	\$ 21,241	\$ 14,001
Operating expenses	\$ 86,411	\$ 55,476
Acquisition and IPO costs	\$ 1,609	\$ 3,005
Impairment of assets	\$ 5,096	\$ -
Interest expense	\$ 889	\$ 687
Interest income	\$ (139)	\$ (20)
Net foreign exchange loss (gain)	\$ 3,390	\$ (2,841)
Loss on fair value of warrants	\$ 5,011	\$ 5,437
Re-measurement loss on previously held equity method investment	\$ 976	\$ -
Net income from equity accounted investees	\$ (18)	\$ (475)
Loss before income tax recovery	\$ (32,172)	\$ (6,970)

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2017			
	Canada	U.S.	Corporate	Total
Intangibles	\$ -	\$ 36,837	\$ 34	\$ 36,871
Goodwill	\$ -	\$ 58,890	\$ -	\$ 58,890
Property and equipment	\$ -	\$ 3,693	\$ 546	\$ 4,239
Investment in equity accounted investees	\$ -	\$ 182	\$ -	\$ 182
				2016
	Canada	U.S.	Corporate	Total
Intangibles	\$ -	\$ 56,106	\$ 412	\$ 56,518
Goodwill	\$ -	\$ 56,643	\$ -	\$ 56,643
Property and equipment	\$ -	\$ 3,370	\$ 662	\$ 4,032
Investment in equity accounted investees	\$ -	\$ 7,875	\$ -	\$ 7,875

Revenues by service type

	2017	2016
Appraisal and ancillary	\$ 228,312	\$ 207,694
Title and closing	69,500	36,935
Other	5,164	3,918
	\$ 302,976	\$ 248,547

For the year ended September 30, 2017, one customer represented more than 10% of the Company's revenues which amounted to \$31,780 and was included in the U.S. segment (2016 – no customers represented more than 10% of the Company's revenues).

22. Guarantees

In the normal course of business, the Company enters into agreements that meet the definition of a guarantee. A guarantee requires the issuer to make a specified payment or payments to reimburse the beneficiary for a loss it incurs if the issuer fails to make a payment when due.

The Company's primary guarantees are as follows:

The Company has provided indemnities under lease agreements for the use of various office space. Under the terms of these agreements the Company agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits and damage arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated. These indemnities are in place for various periods beyond the original term of the lease and these leases expire between 2018 and 2023.

Through the Company's by-laws, indemnity has been provided to all directors and officers of the Company and its subsidiaries for various items including, but not limited to, all costs to settle suits or actions due to association with the Company and its subsidiaries, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulty in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to the counterparties. Historically, the Company has not made any significant payments under these or similar indemnification agreements and therefore no amount has been accrued in the consolidated statement of financial position with respect to these agreements.

Executive Leadership Team

Jason Smith
President and Chief
Executive Officer

William Herman
Executive Vice President
and Chief Financial Officer

Nathan Chandler
Executive Vice President,
Chief Operating Officer,
Solidifi Title & Closing

Loren Cooke
Executive Vice President
President of Solidifi

Nick Liuzza
Executive Vice President
President, Solidifi
Title & Closing

Kim Montgomery
Executive Vice President

Craig Rowsell
Executive Vice President,
Operations and Program
Management

Ryan Smith
Executive Vice President and
Chief Technology Officer

Kevin Walton
Executive Vice President,
Corporate Development

Board of Directors

Blaine Hobson¹
Chairman

Robert Courteau²
Director

Garry M. Foster³
Director

William T. Holland²
Director

Frank V. McMahon⁴
Director

Lisa Melchior⁴
Director

Jason Smith
Director

1. Compensation Committee Chair

2. Compensation Committee Member

3. Audit Committee Chair

4. Audit Committee Member

Corporate Information

Headquarters

CANADA
50 Minthorn Blvd., Suite 401
Markham, Ontario
L3T 7X8
1.877.739.2212

U.S.
701 Seneca St., Suite 660
Buffalo, New York
14210
1.866.583.3983

Investor Relations
289.843.3383
ir@realmatters.com

Listing
TSX: REAL

Transfer Agent
TSX Trust Company
301 - 100 Adelaide St. West
Toronto, Ontario
M5H 4H1
416.361.0930 or
1.866.393.4891 x.205
TMXInvestorServices@tmx.com

Independent Auditors
Deloitte, LLP

Code of Conduct

Copies the Company's Code of Conduct can be found at www.realmatters.com/investors/governance or can be obtained by writing to:

Corporate Secretary
Real Matters
50 Minthorn Blvd., Suite 401
Markham, Ontario
L3T 7X8



2017 Annual Report