

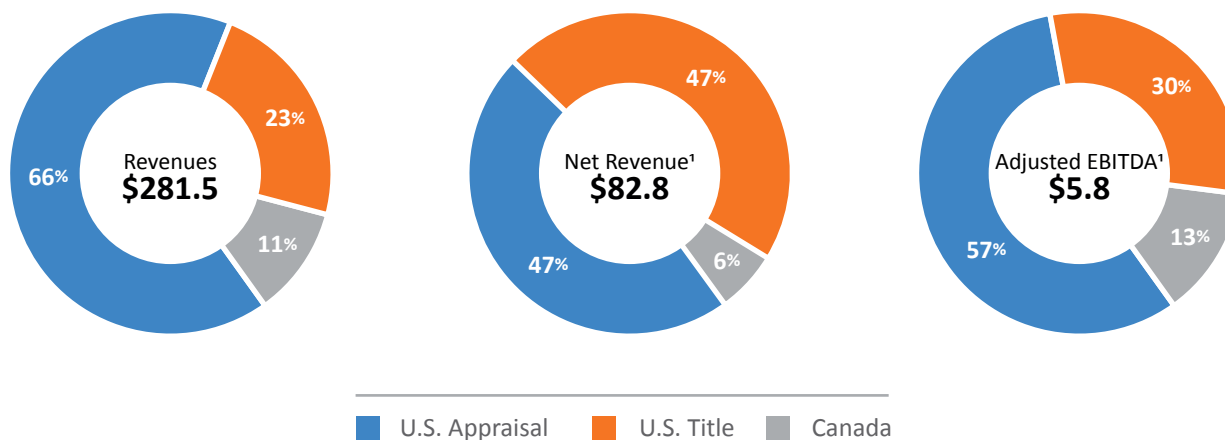


2018 Annual Report

Summary Financial Information (US\$ millions)

	FY 2018	FY 2017	FY 2016		FY 2018	FY 2017	FY 2016
Revenues	\$281.5	\$303.0	\$248.5	Net Revenue ¹	\$82.8	\$92.3	\$68.3
Net Loss	\$(4.0)	\$(23.8)	\$(6.1)	Adjusted EBITDA ¹	\$5.8	\$9.4	\$12.8
				Adjusted Net Income ¹	\$6.7	\$2.8	\$6.0

Fiscal 2018 Segmented Results (US\$ millions)



About Real Matters

Real Matters is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include approximately 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), 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 20 of this Annual Report.

This Annual Report should be read in conjunction with the "Cautionary Note Regarding Forward-Looking Information" set forth on page 42 of this Annual Report.

To our shareholders,

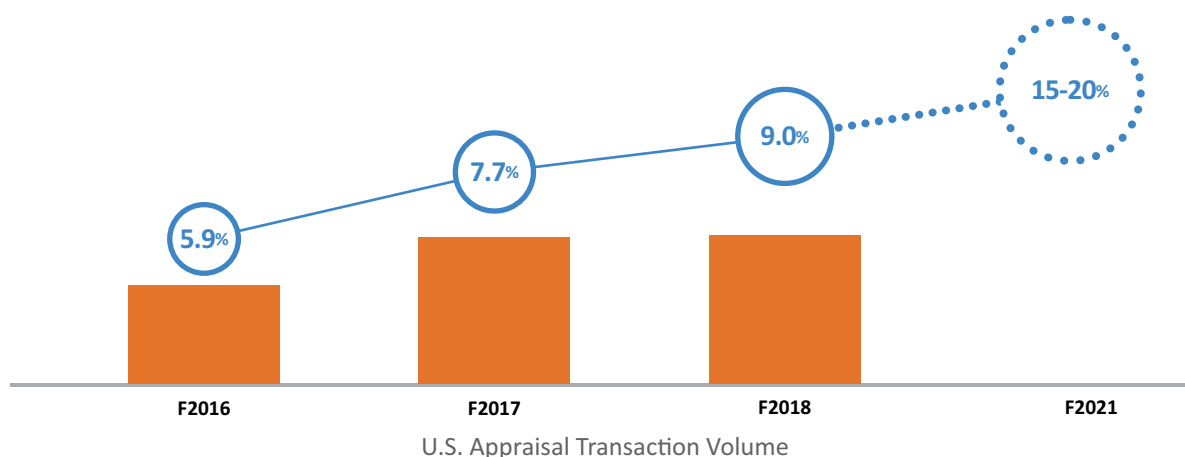
In fiscal 2018, Real Matters continued to focus on the drivers of performance that are within our control: network optimization, first-time quality, operating leverage and strategies for performance improvements that set us apart from our competition.

In fiscal 2018, we reported market adjusted revenue growth of 16.4% in our U.S. Appraisal segment and increased our market share to 9.0% from 7.7% in fiscal 2017. We improved U.S. Appraisal Net Revenue¹ margins to 20.6% from 18.0% in fiscal 2017. We also improved operating costs, focusing on the most effective ways to deliver our services. We still have work to do in each of these areas, but are confident in our ability to deliver continued improvement. The combination of this focus translated to a doubling of Adjusted EBITDA¹ in our U.S. Appraisal segment to \$11.7 million in fiscal 2018 from \$5.7 million in fiscal 2017. We did exactly what we set out to do – grow market share, improve Net Revenue¹ margins and deliver on improvements to operating leverage.

In an industry that is cyclical like the U.S. mortgage market, we believe the purest measure of our success is market share. Just like we reward our independent field professionals with more volume, the champion challenger model is also how we are measured by our clients. It's what we focus on and what we rally around as an organization.

Today, Real Matters services 1 in 11 U.S. mortgage appraisals, and we have master service agreements with all Tier 1 lenders. We are live in the origination channel with four of these Tier 1 lenders, and the fifth is on track to be live in early 2019. We believe that clients want fewer vendors offering more services with the capability to operate nationwide. And, we are at the top of the vendor performance rankings, which drive allocations and new opportunities. Our principal objective for U.S. Appraisal is to increase market share to 15-20% by fiscal 2021.

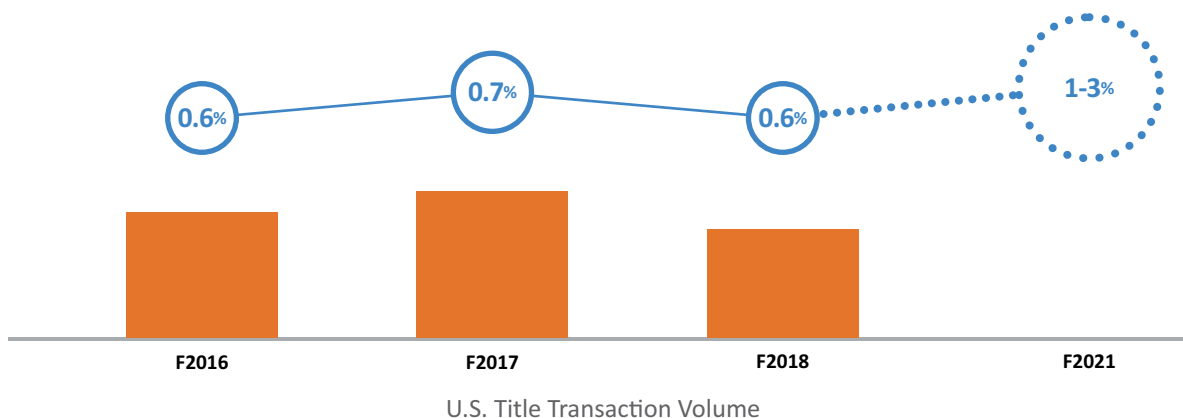
U.S. Appraisal: Targeting 15-20% Market Share



1. Net Revenue and Adjusted EBITDA are Non-GAAP measures. See page 20 of this Annual Report.

We ended fiscal 2018 with 0.6% market share in our U.S. Title segment, down from 0.7% in fiscal 2017. Given that our business principally services the mortgage refinance segment of the market today, the sharp decline in rate refinance transaction volumes over the last year made it a very challenging year to grow. We reported a market adjusted revenue decline of 15% in our U.S. Title segment in fiscal 2018.

U.S. Title: Targeting 1-3% Market Share



Although we're still in the early stages of bringing our network management capabilities to this business, we are making progress in transforming the closing process and creating a compelling value proposition for lenders. Through our relationships with top lenders, we see tremendous potential for us to add new clients in U.S. Title, and to grow market share over the long run. In October, we launched our Extraordinary Closing Agent Program at the MBA Annual Convention. Built on the same principle as our Extraordinary Appraiser program, this is how we recognize the closing agents who go above and beyond. We've seen the power of this program in our U.S. Appraisal business from both a lender and appraiser perspective, and we believe it will be just as impactful in U.S. Title.

As we set our sights on fiscal 2021, we continue to target market share of 1 to 3% in U.S. Title. We believe that this is well within reach as we are beginning to gain traction in selling title and closing services to our Tier 2 clients – the first of which went live at the end of fiscal 2018 – consistent with our plan. And experience tells us, having a Tier 2 lender that we can reference is a valuable asset as we look to onboard larger lenders.

Looking Ahead

Our strategy hasn't changed, and we remain steadfast in our commitment to achieving the market share objectives that we laid out when we went public in May 2017. Market share remains the most important growth driver of our business. It's how we measure our success internally, it's how our clients reward us for a job well done, and ultimately what will drive our financial performance, outside of how the U.S. mortgage market performs, which is not something we can control.

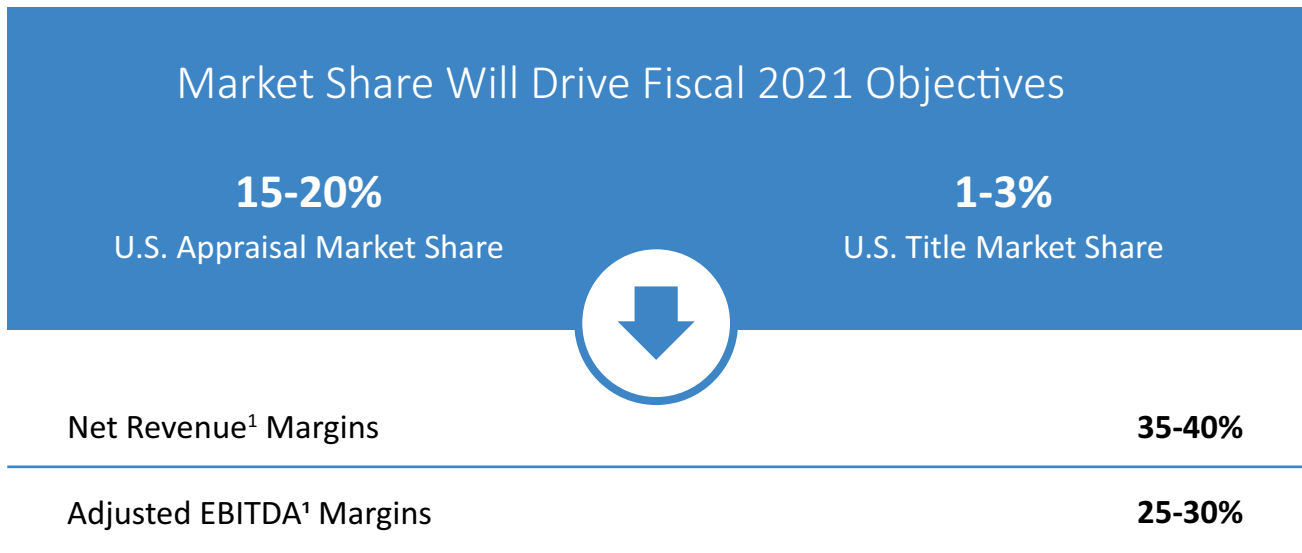
Market share will drive volume, and volume will drive our financial performance. On a consolidated basis, we are aiming to achieve Net Revenue¹ margins of 35-40% and Adjusted EBITDA¹ margins of 25-30% by fiscal 2021.

1. Net Revenue and Adjusted EBITDA are Non-GAAP measures. See page 20 of this Annual Report.

Real Matters has a significant core competency in network management which we are leveraging with top 100 lenders to grow market share in a large addressable market. We believe our platform provides significant operating leverage to drive improved profitability with scale.

We believe the combination of these things will generate increasing shareholder value over the long term. We will not be distracted by short-term market movements and will continue to do the right thing for the long run.

We are grateful for the trust of our clients, the loyalty and professionalism of our field professionals, and the commitment and dedication of our employees. I would like to thank our Board for their continued service and encouragement, as well as our shareholders for their ongoing support.



1. Net Revenue and Adjusted EBITDA are Non-GAAP measures. See page 20 of this Annual Report.



Jason Smith
Founder, President and CEO
Real Matters Inc.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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, 2018 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2018 and 2017. 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”. Additional information relating to the Company, including the Company’s Annual Information Form for the year ended September 30, 2017, can be found on SEDAR under the Company’s profile at www.sedar.com.

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 professionals to create an efficient marketplace for the provision of mortgage lending and insurance services. Our platform facilitates competition between these field professionals, such as residential real estate appraisers, to deliver performance-driven services, which delivers superior quality, transparency and efficiency to our clients. 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. We believe that our platform provides for a highly scalable business model that enables us to deliver services faster, with fewer errors, touch points and at a lower cost than our competitors.

In the United States of America (“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 11 residential mortgage appraisals in the U.S. and we estimate we had an approximately 9.0% share of the market for fiscal 2018. We are also a national independent provider of title and closing services and we estimate we had approximately 0.6% market share in fiscal 2018.

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 fiscal 2018. 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 fiscal 2018.

Most of our services are subject to multi-year or evergreen Master Service Agreements (“MSAs”). These agreements do not 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.

We estimated that the total annual market spend for our services was approximately \$13 billion in 2018, representing the estimated annual spend on residential mortgage appraisal services in the U.S. and Canada, title and closing services in the U.S. and insurance inspection services in Canada.

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

Seasonality and Trends

Residential mortgage origination volumes in North America are a key driver of our financial performance. Our transaction-based revenues are impacted by the seasonal nature of the residential mortgage industry, which typically sees home buyers purchasing more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. Residential mortgage origination volumes are also impacted by other factors such as interest rates, refinancing rates, house prices, housing stock supply and demand, 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 originations market but also our clients’ relative share of the market. Gains or losses in mortgage origination market share by our client’s impacts our overall market share.

Strategy and Outlook

Our mission is to be a leading network management services company, globally. 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 clients.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

We believe that our strategy will strengthen our competitive position, and generate increased revenues, Net Revenue^(A) (see “Non-GAAP Measures” section of this MD&A) and profitability. This strategy is supported by our continuing focus on a scalable software development discipline, a commitment to client service and operational excellence in order to create long-term value for our clients 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 market conditions for residential mortgage originations. Market share growth is achieved by onboarding new customers and increasing market share within our existing clients. The mortgage market is subject to the influence of many factors, such as broader economic conditions, fluctuating interest rates, and our clients’ share of the market, which are not within our control. Similarly, achieving the Net Revenue^(A) target, which is outlined below, is highly correlated to the volume of purchase versus refinance related mortgage activity. In particular, the volume of mortgage refinance activity is a principal driver of or U.S. Title (each as hereinafter defined) segment revenues, which garner significantly higher Net Revenue^(A) margins than our Appraisal segment. As such, the mix of mortgage activity can influence the achievement of our target consolidated Net Revenue^(A) margins.

We continue to 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% - 20%;
- increase our U.S. title and closing market share to 1% - 3%;
- achieve target Net Revenue^(A) margins of 35% - 40%, as a percentage of revenue; and
- achieve target Adjusted EBITDA^(A) margins of 25% - 30%, as a percentage of Net Revenue^(A).

We further believe that our business scales when we service higher volumes. Accordingly, we expect that if the volumes we service were to double in the future from fiscal 2018 levels, we could achieve the following targets:

U.S. Appraisal segment

- Net Revenue^(A) margins of 27%, as a percentage of revenue; and
- Adjusted EBITDA^(A) margins of 60%, as a percentage of Net Revenue^(A).

U.S. Title and Closing segment

- Net Revenue^(A) margins of 65%, as a percentage of revenue; and
- Adjusted EBITDA^(A) margins of 30%, as a percentage of Net Revenue^(A).

Canadian segment

- Net Revenue^(A) margins of 20%, as a percentage of revenue; and
- Adjusted EBITDA^(A) margins of 50%, as a percentage of Net Revenue^(A).

We believe that these long-term objectives are supported by our continued growth in our share of the residential mortgage appraisal market and strategies to disrupt the title and closing market. In addition, we will continue to be thoughtful in our pursuit of acquisition opportunities.

Our market share expectations are impacted by the size of the residential mortgage originations market. In addition, gains or losses in our clients’ relative share of the mortgage origination market impacts our market share achievements. Accordingly, a significant change in the size of the market or our clients’ relative share of the market could result in an over or under achievement of our fiscal 2021 objectives.

For the reasons described below, we have decided to withdraw our prior outlook that our revenues will increase by a compound annual growth rate (“CAGR”) of 20-25% from fiscal 2016. In order to provide a reasonable revenue growth outlook we need to be able to accurately forecast the volume of transactions comprising the residential mortgage originations market, since market volumes is a significant driver of our future revenue growth. We believe that our original estimate of the market size and volumes was reasonable at the time it was made; however, we estimate that the size of the market has underperformed our original estimate through fiscal

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

2018 and the source of our original estimate is not aligned with our most recent estimates of market size or serviceable volumes. Accordingly, we have subsequently concluded that in combination with recent market volatility and the market's underperformance, there is no sufficiently precise or accurate forecast of the size and volumes comprising the residential mortgage origination market. For these reasons, we have determined that the basis of our original estimate is no longer reasonable. In addition, we believe our original estimate of market size and volumes is not supported by recent third-party data, including publicly disclosed financial reports of our competitors, information provided to us by our customers, our own volumes and other industry information sources. Further, our revenue growth strategy contemplated an accelerated time to first transaction with Tier 3 and Tier 4 clients in our U.S. Title segment through the leveraging of existing MSA's with the clients we service in our U.S. Appraisal segment. Increased competition for constrained market volumes have slowed the conversion of these smaller clients to title revenues, which has also impacted our outlook for CAGR revenue growth. However, we continue to pursue these opportunities which remain core to our growth strategy.

Near-Term Outlook

2019
We expect first quarter consolidated revenues and Net Revenue^(A) will decline compared to the fourth quarter of fiscal 2018, reflecting our expectations for seasonality and continued mortgage market weakness, net of market share gains and new client additions. We anticipate consolidated Net Revenue^(A) margins will improve compared to the fourth quarter of fiscal 2018 due to revenue mix and our continued focus on expanding Net Revenue^(A) margins.

Important Factors Affecting Results from Operations

Many factors, including those that are not within our control, may have a significant impact on our financial performance. Since the 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 set out with a longer-term view of performance, which includes consideration of the near-term factors expected to impact our operating results as 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, which is impacted by many factors, including but not limited to the supply of housing stock and housing prices. A constrained supply of housing stock would result in a lower volume of transactions and lower revenues, all else equal. Escalating housing prices can limit the affordability of home ownership, restrict the volume of transactions in the market and result in lower revenues, all else equal.

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. A rising interest rate environment could result in a lower volume of transactions and lead to lower revenues, while a stronger U.S. economic environment can increase residential mortgage volumes, for both purchase and refinance originations, and result in higher revenues. Lower unemployment levels could lead to higher transaction volumes and result in higher revenues, all else equal.

Regulation

Changes in regulation can impact the supply of mortgage funding. All else equal, a greater supply of mortgage funding can have a positive impact on our revenues. Conversely, a tighter supply of mortgage funding can lead to lower residential mortgage originations and result in us recording lower revenues. Currently, we do not 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 believe the repeal or easing of certain components of a particular piece of regulation would have a significant impact on our financial performance.

We expect that, all else equal, anticipated market share growth with current and future clients in our U.S. Appraisal segment will help mitigate the impact of any weakness in the mortgage lending market on our operating performance.

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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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, 2018 and 2017.

Review of Operations - For the year ended September 30, 2018

We conduct our business in the U.S. and Canada. Please refer to the tables in the “Foreign Currency Exchange (“FX”) Rates” section of this MD&A for additional details regarding the impact FX had on our comparative operating results for fiscal 2018.

Segmented Reporting

In the fourth quarter of fiscal 2018, our President and Chief Executive Officer (“CEO”), began making resource allocation decisions and assessing the performance of our U.S. operations by separately analyzing U.S. appraisal (“U.S. Appraisal”) services and U.S. title and closing (“U.S. Title”) services. Accordingly, our previously reported U.S. segment has been reclassified into two reportable segments, namely U.S. Appraisal and U.S. Title. In addition, title search revenues bundled together with home equity loan transactions, and previously reported as U.S. Appraisal revenues, have been reclassified as U.S. Title revenues, since these title searches are now being satisfied by our U.S. Title operations.

The Company now has three reportable segments: (i) U.S. Appraisal; (ii) U.S. Title; and (iii) Canada. Accordingly, all comparative prior year, and current year quarterly financial information presented for the periods ended through June 30, 2018 have been reclassified to conform with these changes in segment reporting.

Revenues

	Year ended September 30		
	2018	2017	Change
Total	\$ 281,451	\$ 302,976	\$ (21,525)
U.S. Appraisal	\$ 186,464	\$ 186,380	\$ 84
U.S. Title	\$ 65,220	\$ 84,862	\$ (19,642)
Canada	\$ 29,767	\$ 31,734	\$ (1,967)

Market adjusted growth (decline)

(expressed in whole units)	Year ended September 30, 2018	
	U.S. Appraisal	U.S. Title
Volumes, actual prior year ⁽¹⁾	480,722	42,721
Estimated market impact ⁽²⁾	-12.6%	-12.9%
Volumes, actual prior year net of the estimated market impact	420,111	37,217
Volumes, actual current year ⁽¹⁾	489,194	31,624
Volumes, growth (decline) year over year	69,083	(5,593)
Market adjusted growth (decline)	16.4%	-15.0%

Note

⁽¹⁾ U.S. Appraisal volumes exclude volumes attributable to flood services. U.S. Title volumes exclude home equity title search volumes.

⁽²⁾ Management utilizes a variety of information sources to estimate the market impact, including certain client’s and non-client’s quarterly or annual reports, reports issued by certain competitors, other publically available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Market share growth (decline)

	Year ended September 30, 2018	
	U.S. Appraisal	U.S. Title
Market share, prior year ⁽¹⁾	7.7%	0.7%
Market adjusted growth (decline)	16.4%	-15.0%
Market share, current year	9.0%	0.6%

Note

⁽¹⁾ Prior year market share results have been restated to conform with the current year presentation.

Year ended

Consolidated revenues declined 7.1% to \$281.5 million in fiscal 2018. Lower U.S. Title revenues were due to lower estimated market volumes for refinance mortgage activity and lower diversified service revenues. U.S. Appraisal revenues were flat comparatively and revenues in our Canadian segment declined 6.2% on lower market activity. In addition, we recorded revenues of \$2.2 million in our U.S. Title segment from the consolidation of joint ventures previously accounted for as equity accounted investees in fiscal 2018.

U.S. Appraisal

U.S. Appraisal revenues were flat compared to fiscal 2017, totaling \$186.5 million in fiscal 2018 compared to \$186.4 million in fiscal 2017. We realized significant revenue growth from the clients we service excluding the impact of our estimated market impact between fiscal 2018 and 2017. For fiscal 2018, the average price per unit declined modestly, reflecting the mix and geography of volumes we serviced.

In fiscal 2018, we estimate our U.S. Appraisal revenues grew 16.4% over fiscal 2017 on a market adjusted basis and that our market share increased to 9.0% from 7.7% in fiscal 2017. On a market adjusted basis, we estimate we serviced 69.1 thousand more units in fiscal 2018 than we did in fiscal 2017, and we estimate mortgage origination volumes declined 12.6% compared to fiscal 2017 due in large part to lower refinance volumes.

U.S. Title

U.S. Title revenues declined 23.1% to \$65.2 million due to lower refinance volumes and lower revenues from project based work (“diversified”). Our U.S. Title segment principally services refinance mortgage origination volumes and the volumes we serviced in fiscal 2018 declined 5.6 thousand units or 15.0% from fiscal 2017 levels on a market adjusted basis. Pricing in this segment was modestly higher on a comparative basis. We also realized a decline in diversified revenues of \$4.9 million due to lower third-party search work. Lower third-party search work was partially offset by higher revenues from capital markets activity. Contributions to U.S. Title revenues of \$2.2 million from the consolidation of joint ventures previously accounted for as equity accounted investees partially offset these declines.

Canada

Revenues in Canada declined 6.2% to \$29.8 million in fiscal 2018 due to a weaker Canadian housing market. However, a stronger Canadian dollar and higher insurance inspection revenues contributed \$0.7 and \$0.4 million, respectively, to fiscal 2018 revenues. Canadian revenues from appraisal and insurance inspection services were \$25.8 million and \$4.0 million, respectively, in fiscal 2018 compared to \$28.1 million and \$3.6 million 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.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Transaction costs

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

	Year ended September 30		
	2018	2017	Change
Total	\$ 198,683	\$ 210,682	\$ (11,999)
U.S. Appraisal	\$ 148,087	\$ 152,897	\$ (4,810)
U.S. Title	\$ 26,110	\$ 31,222	\$ (5,112)
Canada	\$ 24,486	\$ 26,563	\$ (2,077)

Year ended

On a consolidated basis, transaction costs declined 5.7% to \$198.7 million in fiscal 2018 due in large part to lower estimated market volumes. We incurred lower transaction costs to service U.S. Appraisal revenues due to efficiencies achieved by our field professionals in the conduct of their daily activities and we incurred lower transaction costs in our U.S. Title segment due to lower market volumes and diversified revenues. Canadian segment transaction costs also declined compared to the prior year on lower market volumes partially offset by FX. The integration of prior acquisitions also contributed to the increase in transaction costs in our U.S. Title segment due to the consolidation of previously equity accounted investees and the transition of certain U.S. Title services to a network managed business model.

In fiscal 2018, consolidated Net Revenue^(A) margins declined 110 basis points compared to fiscal 2017 due to the mix of revenues. In particular, lower-margin U.S. Appraisal revenues were flat compared to fiscal 2017, while higher-margin U.S. Title revenues declined by \$19.6 million. Consolidated Net Revenue^(A) margins were also impacted by lower Net Revenue^(A) margins earned in our U.S. Title segment which experienced a 320 basis point decline over fiscal 2017, while U.S. Appraisal Net Revenue^(A) margins improved 260 basis points over fiscal 2017. Transaction costs also increased due to the integration of prior acquisitions and the transition of certain U.S. Title services to a network managed versus traditional business model. Finally, we delivered Net Revenue^(A) margin improvement in our Canadian segment due to the mix of revenues and lower transaction costs attributable to the volumes we serviced.

U.S. Appraisal

Transaction costs in our U.S. Appraisal segment declined \$4.8 million in fiscal 2018 compared to fiscal 2017 due to lower estimated market activity from lower refinance volumes, net of market share gains and new client additions. Net Revenue^(A) margins increased 260 basis points to 20.6% in fiscal 2018 compared to the 18.0% we achieved in fiscal 2017. This improvement was the result of competition within our network and certain initiatives, including the bundling of orders, which increased the productivity of the independent field professional's daily activities.

As we continue to build market share with our clients, we expect to continue leveraging our platform to lower transaction costs as a percentage of revenues over the long-term.

U.S. Title

Our U.S. Title segment recognized a \$5.1 million decline in transaction costs due to lower market volumes and lower diversified revenues. Net Revenue^(A) margins declined 320 basis points due to lower margins on diversified revenues, revenue mix and lower Net Revenue^(A) margins earned on refinance volumes serviced.

Canada

Transaction costs in our Canadian segment declined \$2.1 million in fiscal 2018 compared to fiscal 2017 due to lower appraisal revenues. Lower transaction costs relative to revenues improved Net Revenue^(A) margins by 140 basis points compared to fiscal 2017 due to modestly higher-margin insurance inspection revenues and lower transaction costs to service appraisal revenues.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Operating expenses

	Year ended September 30		
	2018	2017	Change
Total	\$ 78,680	\$ 86,411	\$ (7,731)
U.S. Appraisal	\$ 26,715	\$ 27,745	\$ (1,030)
U.S. Title	\$ 32,937	\$ 39,977	\$ (7,040)
Canada	\$ 2,720	\$ 2,886	\$ (166)
Corporate	\$ 16,308	\$ 15,803	\$ 505

Year ended

Consolidated operating expenses declined \$7.7 million to \$78.7 million in fiscal 2018 compared to fiscal 2017 due primarily to lower operating expenses in our U.S. Title segment, which was largely influenced by lower market volumes and our integration of certain operations. Operating expenses in our U.S. Appraisal segment declined for similar reasons while operating expenses in our Corporate segment increased by \$0.5 million. Excluding the decline in stock-based compensation expense of \$1.8 million in fiscal 2018, Corporate segment operating expenses increased \$2.3 million from fiscal 2017 as a result of higher investments made to launch our title and closing platform this year, coupled with higher insurance, professional fees and investor relations costs, which were directly attributable to being a public company.

U.S. Appraisal

Operating expenses in our U.S. Appraisal segment declined \$1.0 million to \$26.7 million in fiscal 2018. Lower professional fees incurred in connection with the defense and settlement of a collective action lawsuit and lower bad debt expense each contributed \$0.4 million to the decline. Modestly lower payroll and related costs of \$0.1 million were due to lower market volumes and the integration of certain operations.

U.S. Title

Operating expenses in our U.S. Title segment declined \$7.0 million to \$32.9 million in fiscal 2018. Lower payroll and related costs accounted for \$5.4 million of the decline due to lower market volumes and the integration of certain operations. Lower market volumes contributed to a decline in courier charges of \$0.5 million and we incurred lower bad debt expense of \$0.6 million due to stronger collections. The balance of the decline was due to lower computer costs, largely due to the decline in employees, and lower bank fees resulting from lower volumes serviced.

Canada

The decline in Canadian segment operating expenses was not significant.

Corporate

Operating expenses in our Corporate segment increased \$0.5 million to \$16.3 million in fiscal 2018. Excluding the decline in stock-based compensation expense of \$1.8 million, operating expenses in our Corporate segment increased \$2.3 million compared to fiscal 2017 due to a \$0.9 million increase in developer costs to support the launch of our title and closing platform in fiscal 2018, a \$0.7 million increase in payroll and related expenses for other corporate employees and a \$0.4 million increase in insurance, professional fees and investor relations costs, in the aggregate, which were directly attributable to being a public company.

Looking forward, we expect to leverage our platform to lower operating expenses as a percentage of Net Revenue^(A).

Amortization

	Year ended September 30		
	2018	2017	Change
Total	\$ 19,790	\$ 21,241	\$ (1,451)
U.S. Appraisal	\$ 3,445	\$ 4,581	\$ (1,136)
U.S. Title	\$ 16,031	\$ 15,958	\$ 73
Canada	\$ -	\$ -	\$ -
Corporate	\$ 314	\$ 702	\$ (388)

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Year ended

Amortization declined \$1.5 million to \$19.8 million in fiscal 2018. Lower intangible asset amortization in our U.S. Appraisal segment was due to fully amortized intangibles attributable to an acquisition we completed in 2015, partially offset by higher amortization attributable to our Denver facility. Lower amortization expense in our Corporate segment was due to fully amortized investments in our platform.

Acquisition and initial public offering (“IPO”) (recovery) costs

	Year ended September 30		
	2018	2017	Change
Total	\$ (7)	\$ 1,609	\$ (1,616)

Year ended

We incurred IPO costs for third-party professional services and a recovery due to the settlement of certain amounts owing to the sellers of Linear Title & Closing Ltd. (“Linear”) in fiscal 2017. Costs and recoveries attributable to acquisitions were insignificant in the current year.

Integration expenses

	Year ended September 30		
	2018	2017	Change
Total	\$ 863	\$ -	\$ 863

Year ended

Integration expenses represent employee severance costs incurred to rationalize and integrate certain operations into our network management business model.

Impairment of assets

	Year ended September 30		
	2018	2017	Change
Total	\$ -	\$ 5,096	\$ (5,096)

Year ended

We incurred an impairment charge of \$5.1 million in the second quarter of fiscal 2017 relating to two equity accounted investees recorded in our U.S. Title segment that we determined were impaired.

Interest expense

	Year ended September 30		
	2018	2017	Change
Total	\$ 410	\$ 889	\$ (479)

Year ended

Interest expense declined \$0.5 million to \$0.4 million in fiscal 2018. This decline reflects the partial use of proceeds raised in connection with our IPO to repay amounts drawn on our long-term debt facilities in full and lower interest expense attributable to accretion of contingent amounts owing to the sellers of Linear.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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		
	2018	2017	Change
Total	\$ (698)	\$ (139)	\$ (559)

Year ended

Interest income increased \$0.6 million to \$0.7 million in fiscal 2018. The increase reflects higher returns earned on the unutilized portion of proceeds raised in connection with our IPO and higher principal amounts invested.

Net foreign exchange (gain) loss

	Year ended September 30		
	2018	2017	Change
Total	\$ (4,971)	\$ 3,390	\$ (8,361)

Year ended

Net foreign currency exchange gains in fiscal 2018 represent non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and gains recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. The net foreign exchange loss in fiscal 2017 represents non-cash losses on long-term financing arrangements. Gains or losses result from changes in the foreign currency exchange rate between the Canadian and U.S. dollar.

(Gain) loss on fair value of warrants

	Year ended September 30		
	2018	2017	Change
Total	\$ (7,386)	\$ 5,011	\$ (12,397)

Year ended

We recognized gains in fiscal 2018 due to the decline in our share price. We also recognized gains in fiscal 2018 due to the exercise of certain warrants occurring at a lower price than the fair value attributable to each warrant at the end of each quarter. The loss in fiscal 2017 was the result of net share price appreciation in that year.

Re-measurement (gain) loss on previously held equity method investment

	Year ended September 30		
	2018	2017	Change
Total	\$ (499)	\$ 976	\$ (1,475)

Year ended

We amended an operating agreement with one of our joint venture partners in the first quarter of fiscal 2018 which resulted in us obtaining control over the joint venture. In connection with this amendment, we re-measured our original investment in this investee at the change of control date and recognized a non-cash gain of \$0.5 million on re-measurement.

In the third quarter of 2017, we amended an operating agreement with one of our joint venture partners. The amendment resulted in us obtaining control over the joint venture. In connection with this amendment, we re-measured our original investment in this investee at the change of control date and recorded a non-cash loss of \$1.0 million.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Net income from equity accounted investees

	Year ended September 30		
	2018	2017	Change
Total	\$ -	\$ (18)	18

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

Effective in the first quarter of fiscal 2018, all of our joint ventures were controlled subsidiaries. Accordingly, we discontinued the use of equity method accounting and recognized no income from equity accounted investees in fiscal 2018.

Net income tax expense (recovery)

	Year ended September 30		
	2018	2017	Change
Total	\$ 601	\$ (8,403)	9,004

Year ended

We recorded a net loss of \$3.4 million before income tax expense in fiscal 2018 versus a net loss of \$32.2 million in fiscal 2017. Income tax recoveries calculated at the statutory income tax rate were \$0.9 million in fiscal 2018, while income tax recoveries attributable to foreign earnings subject to tax at a different statutory tax rate totaled \$0.3 million. The change to the U.S. statutory income tax rate, stemming from U.S. tax reform enacted in December 2017, resulted in an income tax expense of \$4.7 million in fiscal 2018. The expense attributable to U.S. tax reform was partially offset by income tax recoveries noted above, and income tax recoveries attributable to non-deductible expenses and non-taxable income totaling \$2.7 million. Non-deductible expenses and non-taxable income represent accounting gains on the fair value of warrant liabilities, net foreign exchange gains on long-term financing arrangements between a Canadian and U.S. entity and the revaluation of U.S. denominated short-term investments, a re-measurement gain on a previously held equity method investment and stock-based compensation expenses that are not deductible or included for tax. State and other tax expense or recoveries and adjustments from prior periods represented a net recovery of \$0.2 million in fiscal 2018.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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 three months ended September 30, 2018

Please refer to the tables in the “Foreign Currency Exchange Rates” section of this MD&A for additional details regarding the impact FX had on our comparative operating results for the three months ended September 30, 2018.

Segmented Reporting

Please refer to the “Review of Operations – For the year ended September 30, 2018” section of this MD&A for additional details pertaining to our segmented reporting and the presentation of comparative period amounts.

Revenues

	Three months ended September 30		
	2018	2017	Change
Total	\$ 67,989	\$ 82,892	\$ (14,903)
U.S. Appraisal	\$ 46,366	\$ 53,700	\$ (7,334)
U.S. Title	\$ 14,505	\$ 20,533	\$ (6,028)
Canada	\$ 7,118	\$ 8,659	\$ (1,541)

Market adjusted growth (decline)

<i>(expressed in whole units)</i>	Three months ended September 30, 2018	
	U.S. Appraisal	U.S. Title
Volumes, actual prior period ⁽¹⁾	134,111	9,361
Estimated market impact ⁽²⁾	-15.0%	-15.0%
Volumes, actual prior year net of the estimated market impact	113,994	7,957
Volumes, actual current period ⁽¹⁾	124,064	6,344
Volumes, growth (decline) period over period	10,070	(1,613)
Market adjusted growth (decline)	8.8%	-20.3%

Note

⁽¹⁾ U.S. Appraisal volumes exclude volumes attributable to flood services. U.S. Title volumes exclude home equity title search volumes.

⁽²⁾ Management utilizes a variety of information sources to estimate the market impact, including certain client’s and non-client’s quarterly or annual reports, reports issued by certain competitors, other publically available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

Market share growth (decline)

	Three months ended September 30, 2018	
	U.S. Appraisal	U.S. Title
Market share, prior year ⁽¹⁾	7.9%	0.5%
Market adjusted growth (decline)	8.8%	-20.3%
Market share, current year	8.6%	0.4%

Note

⁽¹⁾ Prior year market share results have been restated to conform with the current year presentation.

Three months

Consolidated revenues declined 18.0% to \$68.0 million in the fourth quarter of fiscal 2018. U.S. Appraisal revenues declined on lower volumes and lower pricing, each contributing similarly to the comparative decline in fourth quarter revenues this year compared to fourth quarter revenues in fiscal 2017. However, on a market adjusted basis, we estimate we serviced 8.8% more U.S. Appraisal market volumes than we serviced in the same quarter in fiscal 2017. U.S. Title revenues declined on lower refinance volumes serviced, due to lower estimated market volumes and lower diversified revenues. Canadian segment revenues declined due to lower estimated market volumes.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

U.S. Appraisal

U.S. Appraisal revenues declined \$7.3 million in the fourth quarter of fiscal 2018 compared to the same quarter in fiscal 2017. However, we posted market adjusted growth of 8.8% over the same period in fiscal 2017 and we exited the fourth quarter of fiscal 2018 with an estimated 8.6% market share versus 7.9% in the fourth quarter of fiscal 2017. The estimated market volumes we serviced in the fourth quarter of fiscal 2018 increased 10.1 thousand units on a market adjusted basis. We estimate the market declined 15.0% due in part to lower refinance activity. The decline in fourth quarter revenues was a combination of lower volumes, representing \$3.9 million of the decrease, with the balance attributable to lower pricing due to mix and geography of the volumes we serviced.

U.S. Title

U.S. Title revenues declined 29.4% to \$14.5 million in the fourth quarter of fiscal 2018 due to lower refinance volumes. We exited the fourth quarter of fiscal 2018 with an estimated 0.4% share of the mortgage originations market versus 0.5% in the same quarter of fiscal 2017. Our U.S. Title segment principally services refinance mortgage activity, which declined more precipitously than mortgage activity for purchase transactions. We also realized a decline in diversified revenues of \$2.4 million due to lower third-party search work. Lower third-party search work was partially offset by higher revenues from capital markets volumes serviced in the fourth quarter of fiscal 2018 compared to fiscal 2017.

Contributions to U.S. Title revenues of \$0.1 million from the consolidation of joint ventures previously accounted for as equity accounted investees partially offset the declines outlined above.

Canada

Revenues in Canada declined 17.8% or \$1.5 million in the fourth quarter of fiscal 2018. A weaker Canadian dollar decreased Canadian segment revenues by 3.6% or \$0.3 million and higher appraisal volumes from increasing market share with certain Canadian clients was offset by a weaker comparative Canadian mortgage originations market. Canadian revenues from appraisal and insurance inspection services were \$6.1 million and \$1.0 million, respectively, in the fourth quarter of fiscal 2018 compared to \$7.7 million and \$1.0 million in the fourth quarter of fiscal 2017.

Transaction costs

	Three months ended September 30		
	2018	2017	Change
Total	\$ 48,426	\$ 58,863	\$ (10,437)
U.S. Appraisal	\$ 36,839	\$ 43,261	\$ (6,422)
U.S. Title	\$ 5,697	\$ 8,340	\$ (2,643)
Canada	\$ 5,890	\$ 7,262	\$ (1,372)

Three months

On a consolidated basis, transaction costs declined 17.7% to \$48.4 million in the fourth quarter of fiscal 2018 due in large part to lower estimated market volumes. We incurred lower transaction costs to service lower U.S. Appraisal and U.S. Title revenues due to lower comparative market volumes. Canadian segment transaction costs also declined when compared to the fourth quarter of fiscal 2017 due to lower market volumes and FX.

Consolidated Net Revenue^(A) margins declined 20 basis points between the fourth quarter of fiscal 2018 and the same quarter in fiscal 2017. In the fourth quarter of fiscal 2018, we earned higher Net Revenue^(A) margins across each of our reporting segments, but the mix of revenues resulted in modestly lower Net Revenue^(A) margins when expressed on a consolidated basis. In particular, the relative decline in lower-margin U.S. Appraisal revenues, was not as pronounced as the decline in higher comparative margin U.S. Title revenues.

U.S. Appraisal

Transaction costs in our U.S. Appraisal segment declined \$6.4 million in the fourth quarter of fiscal 2018 due to lower estimated market activity for residential mortgage originations, net of market share gains and new client additions. Net Revenue^(A) margins increased 110 basis points to 20.5% in the fourth quarter of fiscal 2018 compared to 19.4% achieved in the fourth quarter of fiscal 2017. This improvement was the result of competition within our network and certain initiatives, including the bundling of orders, which increased the productivity of the independent field professional's daily activities.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

U.S. Title

Our U.S. Title segment recognized a \$2.6 million decline in transaction costs due to lower market volumes and lower diversified revenues. Net Revenue^(A) margins increased by 130 basis points due to higher margins on diversified revenues and revenue mix, which was partially offset by lower Net Revenue^(A) margins earned on refinance volumes serviced.

Canada

Transaction costs in our Canadian segment declined \$1.4 million in the fourth quarter of fiscal 2018 due to lower appraisal revenues. Lower transaction costs relative to revenues increased Net Revenue^(A) margins by 120 basis points compared to the fourth quarter of fiscal 2017 due to modestly higher-margin insurance inspection revenues and lower transaction costs to service appraisal revenues.

Operating expenses

	Three months ended September 30		
	2018	2017	Change
Total	\$ 17,760	\$ 21,482	\$ (3,722)
U.S. Appraisal	\$ 6,457	\$ 7,131	\$ (674)
U.S. Title	\$ 6,929	\$ 9,800	\$ (2,871)
Canada	\$ 651	\$ 789	\$ (138)
Corporate	\$ 3,723	\$ 3,762	\$ (39)

Three months

Consolidated operating expenses declined \$3.7 million in the fourth quarter of fiscal 2018 compared to the same quarter in fiscal 2017 due primarily to lower operating expenses in our U.S. Title segment, which was largely influenced by lower payroll and related expenses of \$1.7 million and lower bad debt expense of \$0.8 million. Operating expenses in our U.S. Appraisal segment decreased \$0.7 million compared to the fourth quarter of fiscal 2017 due to lower payroll and related costs and lower professional fees. Canadian and Corporate segment operating expenses were flat compared to the same quarter in fiscal 2017.

U.S. Appraisal

Operating expenses in our U.S. Appraisal segment declined \$0.7 million to \$6.5 million in the fourth quarter of fiscal 2018. Lower professional fees incurred in connection with the defense and settlement of a collective action lawsuit contributed \$0.2 million to the comparative decline between quarters. Lower payroll and related costs of \$0.2 million also contributed to the decrease due to lower market volumes and the integration of certain operations carried out in fiscal 2018. This segment also benefited from lower onboarding costs totaling \$0.2 million, as certain costs required to onboard field professionals in the fourth quarter of 2017 were not incurred in the fourth quarter of fiscal 2018.

U.S. Title

Operating expenses in our U.S. Title segment declined \$2.9 million to \$6.9 million. Lower payroll and related costs accounted for \$1.7 million of the comparative quarterly decline due to lower market volumes and the integration of certain operations carried out in fiscal 2018. Lower market volumes contributed to a decline in courier charges of \$0.1 million and we incurred lower bad debt expense in the fourth quarter of fiscal 2018 of \$0.8 million due to stronger collections.

Canada and Corporate

The declines in Canadian and Corporate segment operating expenses were not significant.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Amortization

	Three months ended September 30		
	2018	2017	Change
Total	\$ 4,478	\$ 5,348	\$ (870)
U.S. Appraisal	\$ 424	\$ 1,184	\$ (760)
U.S. Title	\$ 3,994	\$ 4,027	\$ (33)
Canada	\$ -	\$ -	\$ -
Corporate	\$ 60	\$ 137	\$ (77)

Three months

Amortization declined \$0.9 million to \$4.5 million in the fourth quarter of fiscal 2018. Lower intangible asset amortization in our U.S. Appraisal segment was due to fully amortized intangibles attributable to an acquisition we completed in 2015, partially offset by higher amortization attributable to our Denver facility. Lower amortization expense in our Corporate segment was due to fully amortized investments in our platform.

Acquisition and IPO recovery

	Three months ended September 30		
	2018	2017	Change
Total	\$ -	\$ (1,151)	\$ 1,151

Three months

In the fourth quarter of fiscal 2017, we recognized a recovery of \$1.2 million due to the settlement of certain amounts owing to the sellers of Linear, partially offset by additional IPO costs.

Integration expenses

	Three months ended September 30		
	2018	2017	Change
Total	\$ 72	\$ -	\$ 72

Three months

Integration expenses represent employee severance costs incurred to rationalize and integrate certain operations into our network management business model.

Interest expense

	Three months ended September 30		
	2018	2017	Change
Total	\$ 52	\$ 160	\$ (108)

Three months

Interest expense declined \$0.1 million in the fourth quarter of fiscal 2018. This decline reflects lower interest expense due to lower finance lease obligations.

Interest income

	Three months ended September 30		
	2018	2017	Change
Total	\$ (227)	\$ (116)	\$ (111)

Three months

Interest income increased \$0.1 million in the fourth quarter of fiscal 2018, due to higher returns earned from an increase in interest rates and principal amounts invested.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Net foreign exchange loss

	Three months ended September 30		
	2018	2017	Change
Total	\$ 2,380	\$ 3,076	\$ (696)

Three months

Net foreign currency exchange losses in the fourth quarter of fiscal 2018 and fiscal 2017 represent non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and losses recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. Gains or losses result from changes in the FX rate between the Canadian and U.S. dollar.

Gain on fair value of warrants

	Three months ended September 30		
	2018	2017	Change
Total	\$ (1,344)	\$ (281)	\$ (1,063)

Three months

We recognized gains in the fourth quarter of fiscal 2018 and fiscal 2017 due to declines in our share price. We also recognized gains in the fourth quarter of fiscal 2017 due to the exercise of certain warrants occurring at a lower price than the fair value attributable to each warrant at the end the preceding quarter.

Net income from equity accounted investees

	Three months ended September 30		
	2018	2017	Change
Total	\$ -	\$ (104)	\$ 104

Three months

Effective in the first quarter of fiscal 2018, all of our joint ventures were controlled subsidiaries. Accordingly, we discontinued the use of equity method accounting and recognized no income from equity accounted investees in the fourth quarter of fiscal 2018.

Net income tax recovery

	Three months ended September 30		
	2018	2017	Change
Total	\$ (1,064)	\$ (563)	\$ (501)

Three months

We recorded a net loss of \$3.6 million before income tax recoveries in the fourth quarter of fiscal 2018. Income tax calculated at the statutory income tax rate resulted in an income tax recovery of \$1.0 million and an income tax recovery attributable to foreign earnings subject to tax at a different statutory tax rate totaled \$0.1 million in the fourth quarter of fiscal 2018. Non-deductible expenses and net non-taxable losses contributed to income tax recoveries in the fourth quarter of fiscal 2017, partially offset by state tax expense, each being less than \$0.1 million.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Non-GAAP measures

We prepare our financial statements in accordance with IFRS. However, we consider certain non-GAAP financial measures as useful additional information to assess our financial performance. These measures, which we believe are widely used by investors, securities analysts and other interested parties to evaluate our performance, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures include “Adjusted EBITDA”, “Net Revenue” 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, amortization, acquisition and IPO recovery or costs, integration expenses, impairment of assets, interest expense, interest income, net foreign exchange gains or losses, gains or losses on fair value of warrants, re-measurement gains or losses on previously held equity method investments, net income or loss from equity accounted investees and income tax expense or recovery. Adjusted EBITDA is a measure of our operating profitability and therefore excludes certain items that are viewed by us as either non-cash (in the case of 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 gains or losses on previously held equity method investments, 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, integration expenses, realized net foreign exchange gain or loss, interest expense, interest income and current income taxes). Adjusted EBITDA is a useful financial and operating metric for the Company, our board of directors and the Company’s lender, and it represents a measure of the Company’s operating performance relative to its peers and the Company’s compliance with its long-term debt facility covenants. The underlying reasons for excluding each item are as follows:

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

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

Acquisition and IPO recovery or 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 costs are not indicative of continuing operations and therefore represent a different class of recovery or expense than those included in Adjusted EBITDA.

Integration expenses: These expenses represent non-operating costs, primarily comprising employee severance. These expenses are not indicative of continuing operations and therefore represent 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 therefore represents a different class of expense than those included in Adjusted EBITDA.

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

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

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

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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Net income or loss from equity accounted investee: Net income or loss from an 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 represent a different class of expense or recovery than those included in Adjusted EBITDA.

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the consolidated statements of operations and comprehensive income or loss for the years ended September 30, 2018 and 2017. The reconciling items between net income or loss and Adjusted EBITDA for the years ended September 30, 2018 and 2017 were as follows:

	Three months ended September 30		Year ended September 30	
	2018	2017	2018	2017
Net loss	\$ (2,544)	\$ (3,822)	\$ (4,015)	\$ (23,769)
Stock-based compensation expense	339	369	1,705	3,497
Amortization	4,478	5,348	19,790	21,241
Acquisition and IPO (recovery) costs	-	(1,151)	(7)	1,609
Integration expenses	72	-	863	-
Impairment of assets	-	-	-	5,096
Interest expense	52	160	410	889
Interest income	(227)	(116)	(698)	(139)
Net foreign exchange loss (gain)	2,380	3,076	(4,971)	3,390
(Gain) loss on fair value of warrants	(1,344)	(281)	(7,386)	5,011
Re-measurement (gain) loss on previously held equity method investment	-	-	(499)	976
Net income from equity accounted investees	-	(104)	-	(18)
Income tax (recovery) expense	(1,064)	(563)	601	(8,403)
Adjusted EBITDA	\$ 2,142	\$ 2,916	\$ 5,793	\$ 9,380

Management typically calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2018	2017	2018	2017
Revenues	\$ 67,989	\$ 82,892	\$ 281,451	\$ 302,976
Less: Transaction costs	48,426	58,863	198,683	210,682
Less: Operating expenses	17,760	21,482	78,680	86,411
Add: Stock-based compensation expense	339	369	1,705	3,497
Adjusted EBITDA	\$ 2,142	\$ 2,916	\$ 5,793	\$ 9,380

Principle changes in Adjusted EBITDA

Three months

- Revenues declined or were flat across all three segments due to lower estimated market volumes. Our U.S. Appraisal segment also realized lower pricing attributable to product mix and geography, while our U.S. Title segment serviced lower diversified revenues in the fourth quarter of fiscal 2018;
- Lower revenues translated to lower Net Revenues, which was partially offset by expanding Net Revenue margins across each of our reporting segments; and
- Reductions to operating expenses yielded increases to Adjusted EBITDA margins in each segment. We increased Adjusted EBITDA margins by 50 basis points in our U.S. Appraisal segment, and we realized a 170 basis point and 350 basis point increase in our U.S. Title and Canadian segments, respectively. However, with corporate costs remaining flat compared to the fourth quarter of fiscal 2017, Adjusted EBITDA margins calculated on a consolidated basis declined 70 basis points between quarters due to lower Net Revenues.

Year ended

- The decline in revenue for fiscal 2018 was principally attributable to lower revenues in our U.S. Title segment due to lower estimated market volumes and lower diversified revenues;

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

- Lower consolidated revenues translated to lower Net Revenues, partially offset by increasing Net Revenue margins in our U.S. Appraisal and Canadian segments of 260 and 140 basis points, respectively. Our U.S. Title segment recognized lower Net Revenue margins in fiscal 2018 of 320 basis points due to lower Net Revenue margins on diversified revenues, revenue mix and lower Net Revenue margins on refinance volumes serviced; and
- Reductions to operating expenses across every segment yielded improvements to Adjusted EBITDA margins in our U.S. Appraisal segment and our Canadian segment. Adjusted EBITDA margins increased from 17.1% to 30.4% in our U.S. Appraisal segment and increased to 48.5% from 44.2% in our Canadian segment. Adjusted EBITDA margins in our U.S. Title segment declined to 15.8% from 25.5% due in large part to the decline in comparative market volumes. With the increase in corporate costs from higher developer costs to support the launch of our title and closing platform this year and higher costs attributable to being a public company, consolidated Adjusted EBITDA margins declined 320 basis points from 10.2% achieved in fiscal 2017.

Net Revenue

The reconciling items between net income or loss and Net Revenue are detailed in the consolidated statements of operations and comprehensive income or loss. The reconciling items between net income or loss and Net Revenue for the three months ended September 30, 2018 and 2017 and fiscal years ended September 30, 2018 and 2017 were as follows:

	Three months ended September 30		Year ended September 30	
	2018	2017	2018	2017
Net loss	\$ (2,544)	\$ (3,822)	\$ (4,015)	\$ (23,769)
Operating expenses	17,760	21,482	78,680	86,411
Amortization	4,478	5,348	19,790	21,241
Acquisition and IPO (recovery) costs	-	(1,151)	(7)	1,609
Integration expenses	72	-	863	-
Impairment of assets	-	-	-	5,096
Interest expense	52	160	410	889
Interest income	(227)	(116)	(698)	(139)
Net foreign exchange loss (gain)	2,380	3,076	(4,971)	3,390
(Gain) loss on fair value of warrants	(1,344)	(281)	(7,386)	5,011
Re-measurement (gain) loss on previously held equity method investment	-	-	(499)	976
Net income from equity accounted investees	-	(104)	-	(18)
Income tax (recovery) expense	(1,064)	(563)	601	(8,403)
Net Revenue	\$ 19,563	\$ 24,029	\$ 82,768	\$ 92,294

Management typically calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2018	2017	2018	2017
Revenues	\$ 67,989	\$ 82,892	\$ 281,451	\$ 302,976
Less: Transaction costs	48,426	58,863	198,683	210,682
Net Revenue	\$ 19,563	\$ 24,029	\$ 82,768	\$ 92,294

All references to “Net Revenue” in this MD&A are to Adjusted EBITDA (as defined above) plus operating expenses less stock-based compensation expense. Net Revenue is an additional measure of our operating profitability and therefore excludes certain items detailed above. Net Revenue comprises revenues less transaction costs, where 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, 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

Three months

- Revenues declined across all three segments due to lower estimated market volumes. Our U.S. Appraisal segment also realized lower revenues compared to the fourth quarter of fiscal 2017 due to lower pricing attributable to product mix and geography, while our U.S. Title segment also recognized lower diversified revenues in the fourth quarter of fiscal 2018 compared to the fourth quarter of fiscal 2017;

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

- Lower revenues translated to lower Net Revenues, which was partially offset by expanding Net Revenue margins across each of our reporting segments;
- Net Revenue margins in our U.S. Appraisal segment increased 110 basis points to 20.5% in the fourth quarter of fiscal 2018 compared to 19.4% achieved in the same quarter in fiscal 2017. This improvement was the result of competition within our network of field professionals and certain initiatives, including the bundling of orders, which increased the productivity of the independent field professional's daily activities on our network;
- Net Revenue margins in our U.S. Title segment increased by 130 basis points compared to the same quarter in fiscal 2017 due to higher margins on diversified revenues and revenue mix, which was partially offset by lower Net Revenue margins earned on refinance volumes serviced;
- Net Revenue margins in our Canadian segment increased by 120 basis points in the fourth quarter of 2018 compared to the same quarter in fiscal 2017 due to modestly higher margin insurance inspection revenues and lower transaction costs to service lower appraisal revenues; and
- On a consolidated basis, Net Revenue margins in the fourth quarter of fiscal 2018 declined by 20 basis points compared to the fourth quarter of fiscal 2017. In the fourth quarter of fiscal 2018, we earned higher Net Revenue margins across each of our reporting segments, but the mix of revenues resulted in modestly lower Net Revenue margins when expressed on a consolidated basis. More specifically, the relative decline in lower margin U.S. Appraisal revenues, was not as pronounced as the decline in higher-margin U.S. Title revenues.

Year ended

- Our revenue decline for fiscal 2018 as compared to fiscal 2017 was principally attributable to lower revenues in our U.S. Title segment due to lower estimated market volumes and lower diversified revenues; and
- Lower consolidated revenues in fiscal 2018 translated to lower Net Revenues, which was partially offset by increasing Net Revenue margins in our U.S. Appraisal and Canadian segments of 260 and 140 basis points, respectively, as compared to fiscal 2017. As compared to fiscal 2017, our U.S. Title segment recognized lower Net Revenue margins in fiscal 2018 of 320 basis points due to lower margins on diversified revenues, due to revenue mix and lower Net Revenue margins on refinance volumes serviced.

Adjusted Net Income or Loss

All references to "Adjusted Net Income or Loss" in this MD&A are to net income or loss before stock-based compensation expense, amortization of intangibles, acquisition and IPO recovery or costs, integration expenses, impairment of assets, net foreign exchange gains or losses, gains or losses on fair value of warrants and re-measurement gains or losses on a previously held equity method investment, net of the related tax effects. In addition, U.S. tax reform resulted in a significant reduction to the carrying amount of our deferred income tax assets, which were previously recorded at a higher U.S. corporate tax rate and which resulted in a one-time charge to deferred tax expense recorded in our consolidated statement of operations and comprehensive loss in the three month period ended December 31, 2017. Adjusted Net Income or Loss is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Adjusted Net Income or Loss is a measure of our operating profitability and, by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of 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 gains or losses on a previously held equity method investment) or non-operating (in the case of acquisition and IPO recovery or costs, integration expenses, realized net foreign exchange gains or losses and the impact of the statutory corporate income tax rate change due to U.S. tax reform). 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.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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 net income or loss and Adjusted Net Income or Loss for the three months ended September 30, 2018 and 2017 and fiscal years ended September 30, 2018 and 2017 were as follows:

	Three months ended September 30		Year ended September 30	
	2018	2017	2018	2017
Net loss	\$ (2,544)	\$ (3,822)	\$ (4,015)	\$ (23,769)
Stock-based compensation expense	339	369	1,705	3,497
Amortization of intangibles	4,123	4,918	18,236	19,649
Acquisition and IPO (recovery) costs	-	(1,151)	(7)	1,609
Integration expenses	72	-	863	-
Impairment of assets	-	-	-	5,096
Net foreign exchange loss (gain)	2,380	3,076	(4,971)	3,390
(Gain) loss on fair value of warrants	(1,344)	(281)	(7,386)	5,011
Re-measurement (gain) loss on previously held equity method investment	-	-	(499)	976
Related tax effects	(1,458)	(2,392)	(1,909)	(12,696)
Impact of the statutory income tax rate change (U.S. tax reform)	-	-	4,707	-
Adjusted Net Income	\$ 1,568	\$ 717	\$ 6,724	\$ 2,763

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

Dividends

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

Selected Annual Information

	Year ended September 30		
	2018	2017	2016
Revenues	\$ 281,451	\$ 302,976	\$ 248,547
Net loss	\$ (4,015)	\$ (23,769)	\$ (6,079)
Net loss per weighted average share, basic	\$ (0.05)	\$ (0.30)	\$ (0.09)
Net loss per weighted average share, diluted	\$ (0.05)	\$ (0.30)	\$ (0.09)
Total assets	\$ 198,863	\$ 226,563	\$ 190,864
Total long-term liabilities	\$ 4,312	\$ 13,474	\$ 36,678

Revenues

2018-2017

Please see the "Review of Operations – For the year ended September 30, 2018" section of this MD&A for a detailed discussion of the changes in revenues between fiscal 2018 and fiscal 2017.

2017-2016

Consolidated revenues increased 21.9% to \$303.0 million in part based on contributions from acquisitions of \$40.0 million and organic growth of \$14.1 million, after adjusting for the estimated market impact. The impact of FX totaling \$0.3 million was nominal.

Our acquisition of Linear increased fiscal 2017 revenues by \$37.8 million compared to fiscal 2016. We also acquired a small complementary business in fiscal 2016 that contributed additional revenues of \$1.1 million in fiscal 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 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 U.S. Appraisal and U.S. Title segments.

U.S. Appraisal

U.S. Appraisal segment revenues increased 11.9% to \$186.4 million in fiscal 2017. Revenues increased due to organic growth in appraisal volumes from market share gains with existing clients and new client volumes.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

U.S. Title

U.S. Title segment revenues increased 64.3% to \$84.9 million in fiscal 2017 with acquisitions accounting for \$40.0 million of the increase in revenues. Excluding acquisitions, U.S. Title segment revenues declined \$6.9 million compared to fiscal 2016 due to lower estimated market volumes.

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 with FX contributing 1.0% to the increase in fiscal 2017 revenues.

Net loss

2018-2017

Please see the “Review of Operations – For the year ended September 30, 2018” section of this MD&A for a detailed discussion of the components comprising the change in net loss between fiscal 2018 and fiscal 2017.

2017-2016

Our net loss was significantly higher in fiscal 2017 compared to fiscal 2016. Factors contributing to this change included higher amortization expense from higher intangible asset amortization due to acquisitions completed in fiscal 2016 and an asset impairment charge recognized on two investments in equity accounted investees. Higher net foreign currency exchange losses also contributed to a higher net loss in fiscal 2017 as a result of non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies arising from a strengthening Canadian dollar relative to the U.S. dollar. Other factors that contributed to the higher net loss in fiscal 2017 included lower Adjusted EBITDA^(A) due to our investment in new client deployments to support growth from market share gains and a non-cash loss recorded from the re-measurement of our original investment in a joint venture resulting from an amendment to an operating agreement that resulted in us obtaining control of such joint venture. These higher losses were partially offset by higher income tax recoveries attributable to higher recorded losses before income tax in fiscal 2017.

Total Assets

2018-2017

Total assets declined \$27.7 million or 12.2% between September 30, 2018 and September 30, 2017 due primarily to the decline in the normal course amortization of intangible assets of \$18.2 million. Trade and other receivables declined \$8.0 million on lower revenues which were largely impacted by lower estimated market volumes and stronger collections in our U.S. Title segment. The remainder of the decline reflected lower cash and cash equivalent balances of \$3.6 million and lower property and equipment balances of \$1.1 million, which were partially offset by higher deferred tax assets amounts of \$2.1 million and goodwill of \$1.6 million. Lower cash and cash equivalents was the result of us generating \$10.4 million in cash from operations, of which \$10.0 million of this amount was used to satisfy the second earn-out payment paid to the sellers of Linear in April 2018. We invested \$3.3 million in the purchase of our shares under a normal course issuer bid that commenced in June 2018 and proceeds from the exercise of options and warrants were offset by foreign currency translation and investments in property and equipment. The decline in property and equipment reflects normal course amortization net of a negligible amount capitalized to property and equipment on acquisition. The increase in deferred tax assets represents timing differences between accounting and tax for intangible assets and higher tax losses carried forward, partially offset by lower deferred tax asset amounts attributable to the second earn-out payment made to the sellers of Linear. Finally, the increase in goodwill was attributable to our interests acquired in joint ventures.

2017-2016

Total assets increased \$35.7 million or 18.7% between September 30, 2017 and September 30, 2016. Cash and cash equivalents increased \$44.9 million, due to excess proceeds from the Company’s IPO 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 September 30, 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 attributable to 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 September 30, 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.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Total Long-Term Liabilities

2018-2017

Total long-term liabilities declined \$9.2 million or 68.0% between September 30, 2018 and September 30, 2017. Warrant liabilities declined \$9.0 million due in large part to the decline in our share price, coupled with the exercise of certain warrants in the current year. The balance of the change reflects normal course payments for finance lease obligations.

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

2017-2016

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

Summary of Quarterly Results

2018	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 46,366	\$ 50,129	\$ 42,936	\$ 47,033	\$ 186,464
U.S. Title	14,505	14,995	16,327	19,393	65,220
Canada	7,118	8,399	6,806	7,444	29,767
Total revenues	\$ 67,989	\$ 73,523	\$ 66,069	\$ 73,870	\$ 281,451
Net (loss) income	\$ (2,544)	\$ 941	\$ 2,977	\$ (5,389)	\$ (4,015)
Net (loss) income - attributable to common shareholders	\$ (2,615)	\$ 758	\$ 2,826	\$ (5,540)	\$ (4,571)
Net (loss) income per weighted average share, basic	\$ (0.03)	\$ 0.01	\$ 0.03	\$ (0.06)	\$ (0.05)
Net (loss) income per weighted average share, diluted	\$ (0.03)	\$ 0.01	\$ 0.03	\$ (0.06)	\$ (0.05)

2017	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 53,700	\$ 48,359	\$ 38,444	\$ 45,877	\$ 186,380
U.S. Title	20,533	19,305	19,149	25,875	84,862
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)

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Revenues

U.S. Appraisal Segment

	Q4		Q3		Q2		Q1		Total	
2018	\$	46,366	\$	50,129	\$	42,936	\$	47,033	\$	186,464
2017	\$	53,700	\$	48,359	\$	38,444	\$	45,877	\$	186,380
Change (2018-2017)	\$	(7,334)	\$	1,770	\$	4,492	\$	1,156	\$	84

2018-2017

U.S. Appraisal

Our U.S. Appraisal segment delivered modest organic growth in each of the first three quarters of fiscal 2018 despite the estimated market decline when compared to the same periods in fiscal 2017 and lower market volumes serviced by the clients we serve. Revenue growth is the result of market share gains with existing clients and new client additions.

In the fourth quarter of fiscal 2018, U.S. Appraisal segment revenues declined. However, we posted a market share improvement over the same period in fiscal 2017 after adjusting for the estimated market impact for such period. The volumes we serviced in the fourth quarter of fiscal 2018 declined compared to the same quarter in fiscal 2017 and estimated mortgage origination volumes also declined over the same period due to lower overall market activity. The decline in fourth quarter revenues was due to a combination of lower volumes and lower pricing from the volumes we serviced due to service mix, geography and the supply of volumes from our clients.

U.S. Title Segment

	Q4		Q3		Q2		Q1		Total	
2018	\$	14,505	\$	14,995	\$	16,327	\$	19,393	\$	65,220
2017	\$	20,533	\$	19,305	\$	19,149	\$	25,875	\$	84,862
Change (2018-2017)	\$	(6,028)	\$	(4,310)	\$	(2,822)	\$	(6,482)	\$	(19,642)

2018-2017

U.S. Title

U.S. Title segment revenues declined in the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017 due to lower estimated residential mortgage origination market volumes, and more specifically, lower refinance related activity. Lower refinance volumes reflect the difference in interest rate environments between periods, which saw first quarter fiscal 2017 interest rates reach historical lows due to various economic and political factors, which in turn fueled higher refinance activity in that period. U.S. Title revenues in the first quarter of fiscal 2018 also included lower-margin revenues due to service mix and we recorded contributions to revenues from the consolidation of joint ventures previously accounted for as equity accounted investees.

U.S. Title revenues declined in the second quarter of fiscal 2018 compared to the second quarter of fiscal 2017 due to lower market volumes. The decline in U.S. Title revenues in the second quarter of fiscal 2018 was also attributable to the rationalization of certain service offerings to permit greater focus on long-term growth opportunities. The consolidation of joint ventures previously accounted for as equity accounted investees partially offset the declines in U.S. Title revenues between the second quarters of fiscal 2018 and 2017.

U.S. Title segment revenues declined in the third quarter of fiscal 2018 compared to the third quarter of fiscal 2017 due in part to lower refinance volumes. The decline in U.S. Title revenues was also attributable to lower diversified revenues. The consolidation of joint ventures previously accounted for as equity accounted investees partially offset the declines in U.S. Title revenues between the third quarter of fiscal 2018 and 2017.

U.S. Title revenues declined in the fourth quarter due to lower refinance volumes and lower diversified revenues serviced, which resulted in us exiting the fourth quarter of fiscal 2018 with a lower share of the estimated refinance market compared to the same period in fiscal 2017 after adjusting for the estimated market impact for such period. The decline in our market share of the U.S. title market was primarily due to refinance volumes we serviced declining faster than the overall estimated market decline, which was

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

partially offset by higher pricing. We also realized a decline in diversified revenues from lower third-party search work, partially offset by higher revenues from capital markets revenues in the fourth quarter of fiscal 2018 compared to the fourth quarter of fiscal 2017.

Canadian Segment – expressed in thousands of Canadian dollars (“C\$”)

	Q4	Q3	Q2	Q1	Total
2018	\$ 9,313	\$ 10,825	\$ 8,606	\$ 9,465	\$ 38,209
2017	\$ 10,905	\$ 12,091	\$ 9,161	\$ 9,527	\$ 41,684
Change (2018-2017)	\$ (1,592)	\$ (1,266)	\$ (555)	\$ (62)	\$ (3,475)

2018-2017

Revenues in Canada declined in each quarter of fiscal 2018 compared to the same quarters in fiscal 2017. We serviced higher appraisal volumes as a result of increased market share with certain Canadian clients; however, this growth was offset by a weaker comparative Canadian market.

Net (loss) income

	Q4	Q3	Q2	Q1	Total
2018	\$ (2,544)	\$ 941	\$ 2,977	\$ (5,389)	\$ (4,015)
2017	\$ (3,822)	\$ (8,754)	\$ (8,908)	\$ (2,285)	\$ (23,769)
Change (2018-2017)	\$ 1,278	\$ 9,695	\$ 11,885	\$ (3,104)	\$ 19,754

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

2018-2017

Our net loss in the first quarter of fiscal 2018 was higher than the net loss we recognized in the first quarter of fiscal 2017. U.S. tax reform lowered our statutory corporate income tax rate and this change had the most pronounced impact on the increase in net losses between the first quarter of fiscal 2018 and the first quarter of fiscal 2017. U.S. tax reform resulted in a significant reduction to the carrying amount of our deferred tax assets, which we previously recorded at a higher U.S. corporate tax rate, and resulted in a one-time charge to deferred tax expense recorded in our consolidated statements of operations and comprehensive loss. Lower Adjusted EBITDA^(A), due to lower residential mortgage origination volumes, particularly for residential mortgage refinance activity, and lower net foreign currency exchange gains due to less period-to-period change between the Canadian and U.S. dollar also contributed to higher net losses in the current versus prior year quarter. These contributions to higher net losses were partially offset by higher gains on the fair value of warrants and a re-measurement gain on a previously held equity method investment. Higher gains on the fair value of warrants was due to a decline in our share price since the fourth quarter of fiscal 2017, and we also recognized gains on certain warrants exercised during the first quarter of 2018 as a result of their exercise occurring at a lower price than the fair value attributable to each warrant at the end of fiscal 2017. The re-measurement gain recorded in the first quarter of fiscal 2018 was due to an amendment to an operating agreement with one of our joint venture partners and resulted in us obtaining control over the joint venture. In connection with this amendment we re-measured our original investment in this investee at the change of control date and recognized a non-cash gain on re-measurement.

We recognized net income in the second quarter of fiscal 2018 compared to a net loss in the same quarter of fiscal 2017. Adjusted EBITDA^(A) was higher in the second quarter of fiscal 2018 due to higher consolidated revenues and lower transaction costs and operating expenses. Strong U.S. Appraisal revenue growth was partially offset by lower U.S. Title revenues due to lower market volumes and the rationalization of certain U.S. Title service offerings. The decline in U.S. Title revenues resulted in a similar decline in transaction costs and operating expenses. Higher net income in the second quarter of fiscal 2018 compared to the second quarter of fiscal 2017 was also due to lower acquisition and IPO costs, lower expenses attributable to the impairment of assets, higher net foreign

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

currency exchange gains and higher gains on the fair value of warrants, partially offset by lower income tax recoveries. In the second quarter of fiscal 2017, we incurred IPO costs for third-party professional services and we recognized an impairment charge related to two equity accounted investees recorded in our U.S. operations that we determined were impaired. There were no equivalent expenses recognized in the second quarter of fiscal 2018. Higher net foreign currency gains in the second quarter of fiscal 2018 represented non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and gains recognized on the revaluation of U.S. denominated short-term investments. Higher net foreign currency exchange gains were due to higher period-to-period changes between the Canadian and U.S. dollar. Higher gains on the fair value of warrants were due to a decline in our share price which compared to a modest increase in the comparative period. Each of these changes impacted the decline in income tax recoveries between periods.

We recognized net income in the third quarter of fiscal 2018 compared to a net loss in the comparative quarter of fiscal 2017. Higher net foreign currency exchange gains, representing non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and gains recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents, had the largest contribution to the improvement in net income between periods. Gains on warrant liabilities also contributed to the increase in net income between quarters, which reflects the decline in our share price in the third quarter of fiscal 2018 versus the same quarter in fiscal 2017. In the third quarter of fiscal 2018, net income also benefited from no IPO costs when compared to the same quarter in fiscal 2017. These improvements to net income were partially offset by lower Adjusted EBITDA^(A) due to a significant decline in Net Revenue^(A) generated by our U.S. segments. Lower Net Revenue^(A) was attributable to a higher composition of lower-margin U.S. Appraisal service revenues, revenue mix and lower Net Revenue^(A) margins from our U.S. Title segment and capacity building in our U.S. Appraisal segment in anticipation of higher spring market volumes that came in lighter than expected. In contrast, operating expenses declined on lower payroll and related costs in our U.S. Title segment due to lower volumes, our continuing shift to a network managed business model for U.S. Title services, the integration of certain operations and lower legal and office costs. Higher Net Revenue^(A) and lower operating expenses in our Canadian segment from mix of revenues and lower transaction costs to service lower appraisal revenues improved Adjusted EBITDA^(A) comparatively. Finally, higher income before income tax expense or recovery in the third quarter of fiscal 2018 resulted in an increase to income tax expense on a comparative basis.

We recognized a lower net loss in the fourth quarter of fiscal 2018 compared to the same period in fiscal 2017. Lower amortization expense, lower losses on net foreign currency exchange and higher income tax recoveries, were partially offset by lower acquisition and IPO recoveries and lower Adjusted EBITDA^(A). The decline in amortization expense reflected lower intangible asset amortization in our U.S. Appraisal segment due to fully amortized intangibles attributable to an acquisition we completed in 2015, partially offset by higher amortization attributable to our Denver facility. Lower amortization expense in our Corporate segment was due to fully amortized investments in our technology platform. Net foreign currency exchange losses were lower due to movements in the foreign currency exchange rate between the Canadian and U.S. dollar which impacts non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and losses recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. Higher income tax recoveries in the fourth quarter of fiscal 2018 were due to higher comparative quarter tax recoveries for non-deductible expenses and non-taxable income, partially offset by lower losses before tax in the current year quarter and a lower tax rate in the U.S. In the fourth quarter of fiscal 2017, we recognized a recovery due to the settlement of certain amounts owing to the sellers of Linear, partially offset by additional IPO costs. No such recovery or cost was recognized in the current year quarter. Finally, we recognized lower Adjusted EBITDA^(A) from declining or flat revenues across all three segments due to lower estimated market volumes. Our U.S. Appraisal segment also realized lower pricing attributable to product mix and geography, while our U.S. Title segment recognized lower diversified revenues in the current year quarter as well. Lower revenues translated into lower Net Revenues^(A), which were partially offset by expanding Net Revenue^(A) margins across each of our reporting segments. Reductions to operating expenses were realized across every segment and yielded improvements to Adjusted EBITDA^(A) margins in each segment. With corporate costs remaining flat with the prior year quarter, Adjusted EBITDA^(A) margins calculated on a consolidated basis declined between quarters due to lower Net Revenues^(A).

Net (loss) income per weighted average share, basic and diluted 2018-2017

Details of the change in net income or loss by quarter are detailed above. Our weighted average share count was impacted by the successful completion of our IPO in the third quarter of fiscal 2017, stock option grants and forfeitures, and the exercise of certain warrants which had a modest impact on net loss per share amounts. In the third and fourth quarters of fiscal 2018, shares purchased under the Company's normal course issuer bid also impacted the weighted average share count, basic and diluted.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Financial Condition

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

	As at September 30, 2018				
	U.S.	Canada	Corporate	Total	
Trade and other receivables	\$ 22,279	\$ 1,792	\$ -	\$ 24,071	
Intangibles	\$ 18,635	\$ -	\$ -	\$ 18,635	
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477	
Working capital position -(current assets less current liabilities)	\$ 33,445	\$ 1,974	\$ 45,467	\$ 80,886	

	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	

Trade and other receivables – September 30, 2018 versus September 30, 2017

Change - Consolidated	\$ (8,029)
Change - U.S.	\$ (8,388)
Change - Canada	\$ 359
Change - Corporate	\$ -

Lower U.S. trade and other receivables were due to lower revenues from a decline in estimated mortgage origination volumes and lower diversified services. In addition, we improved collections since September 30, 2017, which lowered our trade and other receivables balance outstanding as of September 30, 2018. The increase in Canadian trade and other receivables was due to the timing of payment from a primary client we service in Canada.

Intangibles – September 30, 2018 versus September 30, 2017

Change - Consolidated	\$ (18,236)
Change - U.S.	\$ (18,202)
Change - Canada	\$ -
Change - Corporate	\$ (34)

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

Goodwill – September 30, 2018 versus September 30, 2017

Change - Consolidated	\$ 1,587
Change - U.S.	\$ 1,587
Change - Canada	\$ -
Change - Corporate	\$ -

In the first quarter of fiscal 2018, we amended an operating agreement with a joint venture partner and obtained control of the joint venture on October 1, 2017. We discontinued the use of equity method accounting as a result of this amendment and recognized goodwill of \$1.0 million on the application of business combinations guidance. In addition, we purchased the remaining ownership interest in another joint venture which resulted in us recognizing \$0.6 million of goodwill.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Working capital position – September 30, 2018 versus September 30, 2017

Change - Consolidated	\$	(496)
Change - U.S.	\$	778
Change - Canada	\$	1,816
Change - Corporate	\$	(3,090)

Our consolidated working capital position declined by \$0.5 million as of September 30, 2018 compared to the same date last year. The decline in our working capital position reflects lower trade and other receivables of \$8.0 million and a lower cash and cash equivalents position of \$3.6 million. Lower cash and cash equivalents was due to us generating \$10.4 million in cash from operations, of which, we applied \$10.0 million to satisfy the second earn-out payment paid to the sellers of Linear in April 2018. We invested \$3.3 million in the purchase of our shares under a normal course issuer bid that commenced in June 2018 and proceeds from the exercise of options and warrants were offset by foreign currency translation and investments in property and equipment. The earn-out payment to the sellers of Linear reduced accrued charges by \$10.0 million and the \$0.8 million decline in trade payables and remaining \$0.4 million decline in accrued charges was due to lower estimated market volumes and lower diversified services supplied.

The working capital position in our U.S. operations improved by \$0.8 million as of September 30, 2018 compared to the same date last year, for many of the same reasons outlined in the consolidated discussion. Accrued charges declined \$10.4 million due to the earn-out payment and to a lesser extent lower estimated market volumes and diversified services supplied. Trade and other receivables declined \$8.4 million due to lower revenues and stronger collections, as outlined above. The balance of the change was due to a lower cash and cash equivalent balance of \$1.6 million, due to timing, and a lower trade payables balance of \$0.6 million due to lower estimated market volumes and lower diversified services supplied.

The working capital position in our Canadian operations improved \$1.8 million as of September 30, 2018 compared to the same date last year, which was offset by a \$3.1 million decline in our Corporate segment. In total, lower cash and cash equivalents balances of \$2.0 million were due to share purchases made under the normal course issuer bid. Higher trade and other receivables balances of \$0.4 million partially offset the decline in cash and cash equivalents due to the timing of payment from a primary client we service in Canada. The balance of the decline for our Canadian operations and Corporate was due to lower trade payables balances, reflecting lower market activity in the fourth quarter of fiscal 2018 as compared to the fourth quarter of fiscal 2017.

Disclosure of outstanding share capital

	September 30, 2018	
	Shares	\$
Common shares	88,228	261,553
Preferred shares	-	-
Total contributed equity	88,228	261,553
	November 27, 2018	
	Shares	\$
Common shares	87,817	260,292
Preferred shares	-	-
Total contributed equity	87,817	260,292

Normal course issuer bid (“NCIB”)

Effective June 11, 2018, we received approval of a NCIB to purchase up to 4,000 of our common shares over a twelve month period expiring on June 10, 2019. Daily purchases on the Toronto Stock Exchange, or through alternative Canadian trading systems, are limited to a maximum of 41.436 shares. Once a week, we are permitted to purchase a block of our common shares which can exceed the daily purchase limit subject to certain conditions, including a limitation that the block cannot be owned by an insider. All shares purchased pursuant to the NCIB will be cancelled.

For the year ended September 30, 2018, 758 common shares were purchased and cancelled at an aggregate cost of \$3.3 million.

As of November 27, 2018, 456 additional common shares were purchased and cancelled or settled.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Warrants

We previously issued a number of purchase warrants which expire either two or five years following the date of our IPO. At September 30, 2018, warrants issued, outstanding and exercisable for common shares of the Company totaled 1,536.

Stock options

At September 30, 2018, stock options outstanding totaled 5,983 of which 3,984 are exercisable for common shares of the Company.

Liquidity and Capital Resources

Contractual obligations	September 30, 2018				
	Total	Payments due			
		Less than 1 year	1-3 years	4-5 years	After 5 years
Operating leases	\$ 8,140	\$ 1,937	\$ 2,666	\$ 1,972	\$ 1,565
Capital leases	188	178	10	-	-
Total contractual obligations	\$ 8,328	\$ 2,115	\$ 2,676	\$ 1,972	\$ 1,565

Long-term debt

Summarized details of our long-term debt facilities at September 30, 2018 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, 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.

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

	September 30	
	2018	2017
Senior funded debt to EBITDA	0.04	0.06
Senior funded debt to EBITDA - maximum	2.50	3.00
Fixed charge ratio	10.19	18.03
Fixed charge ratio - minimum	1.20	1.20

On September 30, 2018, 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 was available under the senior term facilities on September 30, 2018. Our senior funded debt to EBITDA ratio (as defined and calculated in accordance with the agreement) was 0.04 times.

At September 30, 2018, we were not in default of our covenants under the long-term debt facilities.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Long-term debt facilities – September 30, 2018

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 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 (currently 2.5:1.0); 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 that occurs 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 and 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 were to be accelerated, when amounts are outstanding, there can be no assurance that our assets would be sufficient to repay these facilities in full.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Cash flows

	Year ended September 30		
	2018	2017	Change
Cash flows generated from (utilized in):			
Operating activities	\$ 10,372	\$ (8,523)	\$ 18,895
Investing activities	\$ (13)	\$ (1,228)	\$ 1,215
Financing activities	\$ (12,114)	\$ 51,227	\$ (63,341)

Year ended

Operating activities

Cash generated from operating activities was \$10.4 million in fiscal 2018, representing an increase of \$18.9 million over fiscal 2017. Non-cash working capital items increased cash generated from operating activities by \$14.1 million compared to fiscal 2017. The improvement in non-cash working capital was due to improved trade and other receivables balances and lower uses of cash for trade payables and accrued charges, partially offset by the effect of foreign currency translation adjustments and other non-cash changes resulting from changes in the FX rate. Lower acquisition and IPO costs in fiscal 2018 and higher gains from foreign currency exchange due to changes in the relationship between the Canadian and U.S. dollar also contributed to the increase in cash generated from operating activities as compared to fiscal 2017. These sources of cash were partially offset by lower Adjusted EBITDA^(A) of \$3.6 million, details of which are outlined in the “Review of Operations – For the year ended September 30, 2018” section of this MD&A, and higher income taxes paid due to the timing of payment.

Investing activities

Cash utilized in investing activities declined \$1.2 million in fiscal 2018 compared to fiscal 2017. The primary reason for the decline was due to lower investments in property and equipment of \$1.4 million. Investments to build out our Denver facility in fiscal 2017 were not repeated in fiscal 2018. The balance of the change was due to lower dividends received from equity accounted investees, since all joint venture arrangements were accounted for as controlled subsidiaries in fiscal 2018, partially offset by lower investments in equity accounted investees.

Financing activities

Cash generated from financing activities declined \$63.3 million in fiscal 2018 versus fiscal 2017. In fiscal 2018, cash utilized in financing activities totaled \$12.1 million versus \$51.2 million of cash generated from financing activities in fiscal 2017. In fiscal 2017, we completed our IPO raising net proceeds of \$87.8 million. In fiscal 2017, we used a portion of these proceeds to repay our long-term debt facilities in satisfaction of the mandatory repayment requirements, being \$15.7 million, and paid \$20.0 million representing the year-one earn-out payable to the sellers of Linear, which left us with a net cash inflow of \$52.1 million. The balance of the change was the result of other insignificant changes. In contrast, in fiscal 2018 we paid the year-two earn-out payment of \$10.0 million to the sellers of Linear, purchased our shares under the normal course issuer bid for \$3.2 million and received proceeds from the exercise of stock options totaling \$2.1 million. The balance of activity in fiscal 2018 was insignificant.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Foreign Currency Exchange Rates

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

Our consolidated financial position and operating results have been translated to U.S. dollars applying FX rates outlined in the table below. FX rates are expressed as the amount of U.S. dollars required to purchase one Canadian dollar. 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 2018						Fiscal 2017					
	Consolidated			Consolidated			Consolidated					
	Balance Sheet			Statement of Operations and Comprehensive Income or loss			Balance Sheet			Statement of Operations and Comprehensive Income or loss		
	Current	Average	Cumulative Average	Current	Average	Cumulative Average	Current	Average	Cumulative Average			
December 31	\$ 0.7971	\$ 0.7865	\$ 0.7865	\$ 0.7448	\$ 0.7496	\$ 0.7496						
March 31	\$ 0.7756	\$ 0.7906	\$ 0.7885	\$ 0.7506	\$ 0.7559	\$ 0.7528						
June 30	\$ 0.7594	\$ 0.7745	\$ 0.7838	\$ 0.7706	\$ 0.7436	\$ 0.7497						
September 30	\$ 0.7725	\$ 0.7652	\$ 0.7791	\$ 0.8013	\$ 0.7984	\$ 0.7613						

FX Impact on Consolidated Results

The following tables have been prepared to assist readers in assessing the FX impact on selected results for the three months and year ended September 30, 2018.

	Three months ended			
	September 30, 2017	September 30, 2018	September 30, 2018	September 30, 2018
	(as reported)	(as reported)	(FX impact)	(rate)
Consolidated Statement of Operations				
Revenues	\$ 82,892	\$ 67,989	\$ (308)	\$ 68,297
Transaction costs	\$ 58,863	\$ 48,426	\$ (251)	\$ 48,677
Operating expenses	\$ 21,482	\$ 17,760	\$ (205)	\$ 17,965
Net loss	\$ (3,822)	\$ (2,544)	\$ (60)	\$ (2,484)
Net Revenue ^(A)	\$ 24,029	\$ 19,563	\$ (57)	\$ 19,620
Adjusted EBITDA ^(A)	\$ 2,916	\$ 2,142	\$ 128	\$ 2,014
Adjusted Net Income ^(A)	\$ 717	\$ 1,568	\$ 100	\$ 1,468

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, 2018 and 2017

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

	Year ended			
	September 30, 2017	September 30, 2018	September 30, 2018	September 30, 2018
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
Consolidated Statements of Operations				
Revenues	\$ 302,976	\$ 281,451	\$ 679	\$ 280,772
Transaction costs	\$ 210,682	\$ 198,683	\$ 559	\$ 198,124
Operating expenses	\$ 86,411	\$ 78,680	\$ 434	\$ 78,246
Net loss	\$ (23,769)	\$ (4,015)	\$ (119)	\$ (3,896)
Net Revenue^(A)	\$ 92,294	\$ 82,768	\$ 120	\$ 82,648
Adjusted EBITDA^(A)	\$ 9,380	\$ 5,793	\$ (275)	\$ 6,068
Adjusted Net Income^(A)	\$ 2,763	\$ 6,724	\$ (256)	\$ 6,980

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

Critical Accounting Estimates

General

We use information from our financial statements, prepared in accordance with IFRS and expressed in U.S. dollars, to prepare our MD&A. Our financial statements include estimates and judgments that affect the reported 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 to a transaction. When we don't have exposure to 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.

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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

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's align with our operating segments since this is consistent with the level at which goodwill is monitored.

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

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 our 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 identify intangible assets acquired, 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, and our continuing evaluation of the recoverability of goodwill and other intangible assets. 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 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 applying tax rates expected to be in effect when the temporary differences reverse, calculated using tax rates that have been enacted or that are 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.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

The recognition of deferred tax assets attributable to unutilized loss carryforwards is supported by our historical and expected ability to generate income subject to tax and implement tax planning measures along with other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets attributable to unutilized loss carryforwards may not be available to us prior to their expiry in Canada. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards in Canada prior to their expiry. As a result of U.S. tax reform, unutilized loss carryforwards arising after December 31, 2017 may now be carried forward indefinitely; however, the deduction of unutilized loss carryforwards in a given tax year is limited to 80% of an entity's taxable earnings in that year. Should we not be able to realize our deferred tax assets attributable to loss carryforwards, we would record deferred income tax expense in the period 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, \$8.6 million at September 30, 2018. Accordingly, due to our historical ability to generate income subject to tax and based on our expectations for the future and available tax strategies, we view the risk of not realizing these deferred tax assets as low.

Other

Other estimates include, but are not limited to, the following: identification of CGUs, impairment assessments for non-financial assets, inputs employed in the Black-Scholes-Merton option pricing model to value stock-based compensation, 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 the entity expects to be entitled to 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. We will apply a modified retrospective approach on transition using the following practical expedients:

- On transition, completed contracts that begin and end within the same annual reporting period and those completed before October 1, 2017 will not be restated.
- Costs of obtaining a contract that would be amortized within one year or less will be immediately expensed.

The adoption of IFRS 15 will not have a material impact on the accounting policies, revenue recognition and presentation of our revenue.

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 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 early adoption is permitted. Based on an analysis of our financial assets and financial liabilities, we will continue measuring them on

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

the same basis. Our detailed analysis has also concluded that the application of the expected credit loss model will result in a nominal impact to the recognition of credit losses for trade receivables. Since we do not apply hedge accounting currently, the new requirements for general hedge accounting are not applicable.

Disclosure Initiative

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 “Statement of Cash Flows” (“IAS 7”). 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. We implemented the amendments to IAS 7 for the year ended September 30, 2018 and have provided the necessary disclosures.

Leases

In January 2016, the IASB issued IFRS 16 – “Leases” (“IFRS 16”), which replaces IAS 17 - Leases (“IAS 17”) and any 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 can 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 adopted. 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, 2018, we have operating lease commitments of \$8.1 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 the adoption of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to impact the amounts recognized in our financial statements, but we are still conducting a detailed assessment to determine the resulting 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 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 did not impact our 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 impact our 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 financial statements.

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

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 statements of financial position as at September 30, 2018, \$68.0 million (September 30, 2017 – \$71.6 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 statements of financial position as at September 30, 2018, \$24.1 million (September 30, 2017 - \$32.1 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 generally 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.

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 statements 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, 2018 were not considered significant.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting our obligations to settle our financial liabilities. Our exposure to liquidity risk is due primarily to 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 continuous basis by monitoring actual and forecasted cash flows and monitoring our available liquidity. Management regularly monitors the financial terms and conditions outlined in our lending facilities and reports our compliance quarterly 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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

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 on long-term financings. To mitigate this risk, management uses discretion, and actively reviews its exposure to and need for FX agreements.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from our interest bearing financial assets and liabilities. We 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 is expected 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 impact on these fair values.

Financial assets and liabilities recorded at fair value, as and where applicable, are recorded to our consolidated statements 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 the information we are required to disclose in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including our President and CEO and Executive Vice-President and Chief Financial Officer (“CFO”), to allow for timely decisions in respect of these requirements.

As at September 30, 2018, management evaluated, under the supervision of, and with the participation of, the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”).

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at September 30, 2018.

Internal control over financial reporting

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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

(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, 2018, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2018.

There have been no changes during the year ended September 30, 2018 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities laws. Words such as “could”, “forecast”, “target”, “may”, “will”, “would”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “seek”, “believe”, “likely” and “predict” and variations of such words and similar expressions are intended to identify such forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes statements which reflect the current expectations of management with respect to our business and the industry in which we operate and is based on management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. The forward-looking information reflects management’s beliefs based on information currently available to management, including information obtained from third party sources, and should not be read as a guarantee of the occurrence or timing of any future events, performance or results.

The forward-looking information in this MD&A includes, but is not limited to, statements related to:

- our business prospects, goals and long-term strategy targets;
- our expectations regarding certain of our future results and information, including, among others, Adjusted EBITDA^(A) margins, revenues, Net Revenue^(A), Net Revenue^(A) margins and market share in the U.S. residential mortgage appraisal market and U.S. title and closing market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions;
- the scalability of our platform;
- the regulatory environment in which we operate;
- our competitive position relative to our competitors;
- anticipated industry and market trends, including the seasonality of our business; and;
- our intentions with respect to the implementation of new accounting standards.

In addition, our assessment of, and targets for, market share, Net Revenue^(A) margins 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.

The forward-looking information in this MD&A is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to, the following factors, which are discussed in further detail in the “Risk Factors” section of our Annual Information Form for the year ended September 30, 2017, which can be found on our SEDAR profile at www.sedar.com:

Strategic risks

- 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 demand for our services;
- increased dependence on larger industry clients;
- risks associated with targeting larger industry clients;
- growth placing significant demands on our management and infrastructure;
- inability to successfully develop or acquire and sell enhancements and new services;
- failing to maintain demand for our services or diversify our revenue base;

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

- operating in a competitive business environment;
- inability to successfully consummate or integrate acquisitions;
- negative publicity resulting in a decline in our client growth;
- ineffectiveness of our risk management efforts;
- increased costs and demands upon management associated with being a public company;

Operational risks

- failure to adequately protect our technology infrastructure;
- material defects or errors in our technology infrastructure;
- system interruptions that impair access to our technology;
- the effort, time and expense associated with switching from competitors' software to our software;
- failing to adapt to technological changes;
- failing to maintain field professional engagement;
- using "open source" software in some of our services and technologies;
- losing our corporate culture;
- failing to retain or hire additional key personnel;
- the occurrence of earthquakes, fires, floods and other natural catastrophic events or interruptions;

Legal and compliance risks

- regulatory risks applicable to us;
- risks associated with the potential reclassification of exempt employees and field professionals;
- field professional work product liability;
- current or future litigation;
- our confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets;
- potential infringement of our services on the proprietary rights of others;
- our insurance coverage reserves may not cover future claims;
- failing to adequately protect our intellectual property;
- potential tax law changes or adverse tax examinations;
- our by-laws potentially limiting a shareholder's ability to obtain a favourable judicial forum for disputes with us;
- difficulty for shareholders to enforce judgments against non-resident directors within Canada;
- claims for indemnification by our directors or officers;

Financial and reporting risks

- 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 on favourable terms, or at all;
- potential deficiencies in our internal controls over financial reporting;
- changing accounting standards or interpretations;
- restrictive covenants contained in our credit facility;
- dependence on our subsidiaries for cash flows;
- exchange rate fluctuations;
- future offerings of debt and/or equity securities;
- future sales of our shares by existing shareholders may reduce the market price of the shares;
- dilution and future issuances of our shares;
- securities analysts' research or reports potentially impacting our share price;
- future indebtedness and the potential failure to fund future endeavours;
- potential increases in our debt servicing costs;
- the market price of our shares potentially fluctuating significantly; and
- our current policy with respect to dividends.

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

Real Matters Inc. – MD&A for the years ended September 30, 2018 and 2017

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

Glossary

Tier 1 means the top five U.S. banks by asset size as at June 30, 2018, as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of 2018).

Tier 2 means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of 2018), excluding Tier 1 mortgage lenders.

Tier 3 means the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of 2018), excluding Tier 1 and Tier 2 mortgage lenders.

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

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, 2018 and September 30, 2017 and the consolidated statements of operations and comprehensive loss, consolidated statements of equity and consolidated statements of cash flows for the years ended September 30, 2018 and September 30, 2017, 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, 2018 and September 30, 2017, 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, 2018

Toronto, Ontario

Real Matters Inc.

Consolidated Statements of Financial Position

September 30, 2018 and 2017 (stated in thousands of United States ("U.S.") dollars)

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 68,045	\$ 71,634
Trade and other receivables (Note 19)	24,071	32,100
Prepaid expenses	1,535	1,691
	93,651	105,425
NON-CURRENT		
INTANGIBLES (Note 5)	18,635	36,871
GOODWILL (Note 6)	60,477	58,890
PROPERTY AND EQUIPMENT (Note 7)	3,128	4,239
INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (Note 4)	-	182
OTHER ASSETS	208	311
DEFERRED TAX ASSETS (Note 20)	22,764	20,645
	105,212	121,138
TOTAL ASSETS	\$ 198,863	\$ 226,563
LIABILITIES		
CURRENT		
Trade payables	\$ 9,585	\$ 10,376
Accrued charges	1,805	12,207
Income taxes payable	1,190	1,046
Deferred revenues	12	12
Finance lease obligations (Note 18)	173	402
	12,765	24,043
NON-CURRENT		
LEASEHOLD INDUCEMENTS	503	514
WARRANT LIABILITIES (Note 9)	3,799	12,820
FINANCE LEASE OBLIGATIONS (Note 18)	10	140
	4,312	13,474
TOTAL LIABILITIES	17,077	37,517
COMMITMENTS AND CONTINGENCIES (Note 18)		
EQUITY		
NON-CONTROLLING INTERESTS	3,944	3,461
SHAREHOLDERS' EQUITY (Note 10)		
Common shares	261,553	259,625
Contributed surplus	4,339	3,222
Accumulated deficit	(83,043)	(77,393)
Accumulated other comprehensive (loss) income	(5,007)	131
	177,842	185,585
TOTAL EQUITY	181,786	189,046
TOTAL LIABILITIES AND EQUITY	\$ 198,863	\$ 226,563

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, 2018 and 2017 (stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	2018	2017
REVENUES (Note 22)	\$ 281,451	\$ 302,976
TRANSACTION COSTS	198,683	210,682
OPERATING EXPENSES (Note 12)	78,680	86,411
AMORTIZATION (Notes 5 and 7)	19,790	21,241
ACQUISITION AND INITIAL PUBLIC OFFERING (RECOVERY) COSTS (Note 12)	(7)	1,609
INTEGRATION EXPENSES	863	-
IMPAIRMENT OF ASSETS (Note 13)	-	5,096
INTEREST EXPENSE (Note 8)	410	889
INTEREST INCOME	(698)	(139)
NET FOREIGN EXCHANGE (GAIN) LOSS	(4,971)	3,390
(GAIN) LOSS ON FAIR VALUE OF WARRANTS	(7,386)	5,011
RE-MEASUREMENT (GAIN) LOSS ON PREVIOUSLY HELD EQUITY METHOD INVESTMENT (Note 4)	(499)	976
NET INCOME FROM EQUITY ACCOUNTED INVESTEES	-	(18)
LOSS BEFORE INCOME TAX EXPENSE (RECOVERY)	(3,414)	(32,172)
INCOME TAX EXPENSE (RECOVERY) (Note 20)		
Current	2,899	1,824
Deferred	(2,298)	(10,227)
TOTAL INCOME TAX EXPENSE (RECOVERY)	601	(8,403)
NET LOSS	(4,015)	(23,769)
OTHER COMPREHENSIVE (LOSS) INCOME		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	(5,138)	5,929
COMPREHENSIVE LOSS	\$ (9,153)	\$ (17,840)
NET LOSS - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (4,571)	\$ (24,014)
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 556	\$ 245
COMPREHENSIVE LOSS - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (9,709)	\$ (18,085)
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 556	\$ 245
Net loss per weighted average share, basic (Note 11)	\$ (0.05)	\$ (0.30)
Net loss per weighted average share, diluted (Note 11)	\$ (0.05)	\$ (0.30)
Weighted average number of shares outstanding (thousands), basic (Note 11)	88,348	80,280
Weighted average number of shares outstanding (thousands), diluted (Note 11)	90,764	85,092

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, 2018 and 2017 (stated in thousands of U.S. dollars)

	2018	2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING		
OPERATING		
Net loss	\$ (4,015)	\$ (23,769)
Items not affecting cash		
Stock-based compensation (Note 16)	1,705	3,497
Amortization of intangibles	18,236	19,649
Amortization of property and equipment	1,554	1,592
Impairment of assets	-	5,096
Leasehold inducements	(2)	148
Interest expense	410	889
(Gain) loss on fair value of warrants	(7,386)	5,011
Re-measurement (gain) loss on previously held equity method investment	(499)	976
Income tax expense (recovery)	601	(8,403)
Net income from equity accounted investees	-	(18)
Changes in non-cash working capital items (Note 14)	2,607	(11,516)
Interest paid	(127)	(421)
Income taxes paid	(2,712)	(1,254)
Cash generated from (utilized in) operating activities	10,372	(8,523)
INVESTING		
Acquisitions, net of cash acquired (Note 4)	410	428
Investment in equity accounted investees	-	(101)
Dividends received from equity accounted investees	-	252
Purchase of property and equipment (Note 7)	(423)	(1,807)
Cash utilized in investing activities	(13)	(1,228)
FINANCING		
Repayment of long-term debt	-	(16,354)
Proceeds from finance lease obligations	34	144
Repayment of finance lease obligations	(392)	(598)
Payment of contingent consideration recorded at acquisition date (Note 19)	(10,000)	(20,000)
Proceeds from lease incentives	-	230
Common shares issued, net of issue costs (Note 10)	-	87,741
Proceeds from the exercise of warrants	213	251
Proceeds from the exercise of stock options, net of issue costs	2,050	179
Repurchase of common shares and related costs (Note 10)	(3,265)	-
Dividends paid to non-controlling interests	(754)	(366)
Cash (utilized in) generated from financing activities	(12,114)	51,227
Effect of foreign currency translation on cash and cash equivalents	(1,834)	3,471
NET CASH (OUTFLOW) INFLOW	(3,589)	44,947
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,634	26,687
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 68,045	\$ 71,634
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash and cash equivalents are comprised of:		
Cash	\$ 26,840	\$ 30,984
Cash equivalents	41,205	40,650
	\$ 68,045	\$ 71,634
Property and equipment acquired under finance lease	\$ 34	\$ 145

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, 2018 and 2017 (stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive income (loss)	Total equity
Balance at September 30, 2017	\$ 3,461	\$ 259,625	\$ 3,222	\$ (77,393)	\$ 131	\$ 189,046
Net income (loss)	556			(4,571)		(4,015)
Dividends paid to non-controlling interests	(754)					(754)
Common shares issued on exercise of stock options (Note 10)		2,638	(588)			2,050
Common shares issued on exercise of warrants (Note 9)		1,476				1,476
Stock-based compensation (Note 16)			1,705			1,705
Repurchase of common shares and related costs (Note 10)		(2,186)		(1,079)		(3,265)
Non-controlling interests, acquired (Note 4)	681					681
Foreign currency translation adjustment					(5,138)	(5,138)
Balance at September 30, 2018	\$ 3,944	\$ 261,553	\$ 4,339	\$ (83,043)	\$ (5,007)	\$ 181,786

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive income (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		5,212	3,497			5,212
Stock based compensation (Note 16)						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

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, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

1. Nature of Operations

Real Matters Inc. (“Real Matters” or the “Company”) is a leading technology and network management company providing appraisal, title and closing and other ancillary services through its Solidifi and iv3 brands to the mortgage lending and insurance industries in the U.S. and Canada.

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

2. Basis of Presentation and Significant Accounting Policies

Statement of compliance

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

The financial statements were authorized for issue by the board of directors on November 27, 2018.

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 and for all periods presented in these financial statements.

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 date the statement of financial position is presented. 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 date the statement of financial position is presented. Certain transactions affecting shareholders’ equity are translated at their historical foreign currency exchange rates. The statements of operations and comprehensive income or loss and statements of cash flows are translated to U.S.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

dollars applying the average foreign currency exchange rate in effect during the reporting period and 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 a foreign operation and that are different from the functional currency are translated to the Company's functional currency applying the foreign exchange rate in effect at the date the statement of financial position is presented. Realized and unrealized foreign currency differences are recognized in the consolidated statement of operations and comprehensive income or loss.

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 a foreign operation, are recognized initially in other comprehensive income or loss and presented within equity. The cumulative amount of the resulting exchange differences recorded in other comprehensive income or loss, are 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 \$2,007 (2017 - \$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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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.

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 consistent with 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 the 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 the current year, the Company re-performed the test of impairment in conjunction with the change in its reporting segments (Note 22).

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 received, if any, on the 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 estimated useful lives. The Company reviews the amortization methods, useful lives and residual values at each reporting date. The expected useful lives of property and equipment are 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 the fair value of the retained investment, including 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 statements 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 applying tax rates expected to be in effect when the temporary differences reverse, 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 liabilities 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.

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 in 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
- Transaction costs incurred, or to be incurred, can be reliably measured.

The Company measures revenue at the fair value of 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 should be recorded as a separate transaction. In certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 professionals. 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.

Software Services

The Company provides three hosted software solutions. Contracts for these services are generally term based ranging from one to three 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 of the arrangement.

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 field professional 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. Following its reassessment, if 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 the Company's 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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.

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 in 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 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 asset or liability
- Level 3 – unobservable inputs that are supported by little or no market activity

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 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.

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 CGU.

Impairments of non-financial assets recognized in a prior period are re-assessed at the end of each reporting period to determine if 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.

Stock-based payments

The Company grants equity-settled stock options under its stock-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 consolidated 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 shareholders' 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 value for warrants and financial instruments, stock-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 these 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 for 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 CGU or 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, growth, and terminal and discount rates.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

(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 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 identify intangible assets acquired, 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.

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 on 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) 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.

(f) Stock-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. These inputs 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.

(g) 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.

(h) 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 generate income subject to tax and implement tax planning measures, along with other substantive evidence. The occurrence or non-occurrence of certain future events may lead to significant changes in the measurement of deferred tax assets.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

(i) Provisions

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

(j) 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 to 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 will apply a modified retrospective approach on transition using the following practical expedients:

- On transition, completed contracts that begin and end within the same annual reporting period and those completed before October 1, 2017 will not be restated.
- Costs of obtaining a contract that would be amortized within one year or less will be immediately expensed.

The adoption of IFRS 15 will not have a material impact on the accounting policies, revenue recognition and presentation of the Company’s revenue.

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 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 early adoption is permitted. Based on an analysis of the Company’s financial assets and financial liabilities, it will continue measuring them on the same basis. The Company’s detailed analysis also concluded that the application of the expected credit loss model will result in a nominal impact to the 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Disclosure Initiative

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 “Statement of Cash Flows” (“IAS 7”). 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 were effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Company implemented the amendments to IAS 7 and has provided the necessary disclosures in Note 15.

Leases

In January 2016, the IASB issued IFRS 16 – “Leases” (“IFRS 16”), which replaces IAS 17 - Leases (“IAS 17”) and any 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 can 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 adopted. 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, 2018, the Company has operating lease commitments of \$8,140. 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 the adoption of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to impact the amounts recognized in the Company’s financial statements but the Company is still conducting a detailed assessment to determine the resulting 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 did not impact the Company’s 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 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 impact 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

4. Acquisitions

Acquisition of equity accounted investees

Linear Holdings, LLC ("Holdings")

Effective October 1, 2017, the Company amended the operating agreement with its Holdings joint venture partner, which resulted in the Company obtaining control over the joint venture. Accordingly, Holdings became a controlled subsidiary of the Company which required the Company to discontinue the use of equity method accounting and re-measure its previously held fifty percent ownership interest at its estimated fair value. The Company recorded a non-cash gain in the consolidated statements of operations and comprehensive loss upon obtaining control.

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

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

	2018
Fair value of fifty percent ownership interest (non-controlling interest)	\$ 681
Carrying amount of previously held equity method investment	182
Re-measurement gain on previously held equity method investment	499
	\$ 1,362
Net assets acquired	
Cash	\$ 366
Trade and other receivables	29
Goodwill (Note 6)	1,000
Trade payables	(33)
Total net assets acquired	\$ 1,362

Goodwill was originally allocated to the Company's previously reported U.S. segment and subsequently re-allocated to the Company's U.S. Appraisal and U.S. Title and Closing segments (Note 22) 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.

Performance Lender Solutions, LLC ("Performance")

Effective November 1, 2017, the Company purchased the remaining fifty percent interest in Performance for nominal consideration. Accordingly, the Company re-measured its previously held fifty percent ownership interest at its estimated fair value upon obtaining control. No gain or loss was recognized in the consolidated statements of operations and comprehensive loss since the carrying amount of this investment already reflected its then current fair value.

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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Consideration, 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:

		2018
Cash	\$	-
Carrying amount of previously held equity method investment		-
	\$	-
Net assets acquired		
Cash	\$	44
Prepaid expenses		22
Goodwill (Note 6)		587
Property and equipment (Note 7)		40
Trade payables		(693)
Total net assets acquired	\$	-

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 statements of operations and comprehensive loss since the carrying amount of this investment already reflected its then current fair value due to 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 statements of operations and comprehensive loss.

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
	\$	100
Net assets acquired		
Cash	\$	69
Prepaid expenses		4
Goodwill (Note 6)		62
Trade payables		(3)
Accrued charges		(32)
Total net assets acquired	\$	100

Goodwill was originally allocated to the Company's previously reported U.S. segment and subsequently reallocated to the Company's U.S. Appraisal and U.S. Title and Closing segments and is deductible for tax purposes.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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

Effective April 1, 2017, the Company amended the operating agreement with its LTSS joint venture partner which resulted in the Company obtaining control over the joint venture. Accordingly, LTSS became a controlled subsidiary of the Company which required the Company to discontinue the use of equity method accounting and re-measure its previously held forty-nine percent ownership interest at its estimated fair value. The Company recorded a non-cash loss in the statements of operations and comprehensive 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 statements of operations and comprehensive 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)
	\$ 2,934
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	\$ 2,934

Goodwill was originally allocated to the Company's previously reported U.S. segment and subsequently reallocated to the Company's U.S. Appraisal and U.S. Title and Closing segments 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.

Acquisition costs

Acquisition costs are included in acquisition and initial public offering ("IPO") (recovery) costs. For the year ended September 30, 2018, no acquisition costs were incurred (September 30, 2017 - \$nil). 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 a contingent liability for additional tax owing by the sellers of Linear Title & Closing Ltd. ("Linear") partially offset by adjustments to receivable amounts for net working capital.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

5. Intangibles

	2018					
	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	\$ 8,798	\$ 56,294	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,949
Foreign currency translation adjustment	(316)	(229)	-	-	-	(545)
Balance, end of year	\$ 8,482	\$ 56,065	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,404
Accumulated amortization						
Balance, beginning of year	\$ 8,764	\$ 34,482	\$ 1,438	\$ 3,318	\$ 2,076	\$ 50,078
Amortization	34	14,471	622	1,725	1,384	18,236
Foreign currency translation adjustment	(316)	(229)	-	-	-	(545)
Balance, end of year	\$ 8,482	\$ 48,724	\$ 2,060	\$ 5,043	\$ 3,460	\$ 67,769
Net carrying value, end of year	\$ -	\$ 7,341	\$ 237	\$ 677	\$ 10,380	\$ 18,635

	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
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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

6. Goodwill

	2018			
	U.S.		U.S.	
	Appraisal		Title and	Total
			Closing	
Cost				
Balance, beginning of year ⁽¹⁾	\$ 42,048	\$	16,842	\$ 58,890
Acquisitions (Note 4)	1,133		454	1,587
Balance, end of year	\$ 43,181	\$	17,296	\$ 60,477
Accumulated impairment				
Balance, beginning of year ⁽¹⁾	\$ -	\$	-	-
Balance, end of year	\$ -	\$	-	-
Net carrying value, end of year	\$ 43,181	\$	17,296	\$ 60,477

	2017			
	U.S.		U.S.	
	Appraisal		Title and	Total
			Closing	
Cost				
Balance, beginning of year ⁽¹⁾	\$ 40,444	\$	16,199	\$ 56,643
Acquisitions ⁽¹⁾ (Note 4)	1,604		643	2,247
Balance, end of year ⁽¹⁾	\$ 42,048	\$	16,842	\$ 58,890
Accumulated impairment				
Balance, beginning of year ⁽¹⁾	\$ -	\$	-	-
Balance, end of year ⁽¹⁾	\$ -	\$	-	-
Net carrying value, end of year ⁽¹⁾	\$ 42,048	\$	16,842	\$ 58,890

Note

⁽¹⁾ Goodwill has been reallocated from the Company's previously reported U.S. segment to the Company's two reportable U.S. Appraisal and U.S. Title and Closing segments on a relative fair value basis reflecting changes to the Company's segments as outlined in Note 22.

Impairment testing

The value in use for each CGU group is determined by discounting three-year cash flow projections from financial forecasts prepared by senior management. Projections reflect past experience and future expectations of operating performance. The Company applied perpetuity growth rates to these 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 of comparable publicly traded Companies.

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

	2018		2017	
	U.S.	U.S.	U.S.	U.S.
	Appraisal	Title and	Appraisal	Title and
		Closing		Closing
<i>Key assumptions used</i>				
Pre-tax discount rate	20.6%	20.6%	21.3%	21.3%
Perpetuity growth rate	2.3%	2.3%	2.4%	2.4%

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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

7. Property and Equipment

	2018			
	Computer equipment	Furniture and fixtures	Leasehold improve- ments	Total
Cost				
Balance, beginning of year	\$ 3,024	\$ 1,802	\$ 3,116	\$ 7,942
Additions	413	8	2	423
Additions, acquisitions (Note 4)	-	40	-	40
Foreign currency translation adjustment	(21)	(8)	(35)	(64)
Balance, end of year	\$ 3,416	\$ 1,842	\$ 3,083	\$ 8,341
Accumulated amortization				
Balance, beginning of year	\$ 1,771	\$ 755	\$ 1,177	\$ 3,703
Amortization	868	369	317	1,554
Foreign currency translation adjustment	(15)	(2)	(27)	(44)
Balance, end of year	\$ 2,624	\$ 1,122	\$ 1,467	\$ 5,213
Net carrying value, end of year	\$ 792	\$ 720	\$ 1,616	\$ 3,128
	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

At September 30, 2018, assets under finance leases totaled \$110 (2017 - \$202). There were no impairment write-downs or any reversals of previous write-downs in the years presented.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

8. Long-Term Debt

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 is subject to principal amortization of eight percent per annum, payable quarterly, and a balloon payment of 60 percent due 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, 2018, the Company had drawn \$nil (2017 - \$nil) 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 is subject to principal amortization of eight percent per annum, payable quarterly, and a balloon payment of 60 percent due 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, 2018, the Company had drawn \$nil (2017 - \$nil) on the 2015 facility.

Revolving credit facility

The Company has available a demand revolving credit facility (the “revolving credit facility”) totaling 15,000 Canadian dollars (“C\$”). The revolving credit facility bears interest ranging from Prime +0.25% to 1.75% or LIBOR +1.50% to 3.00%. At September 30, 2018, the Company had drawn \$nil (2017 - \$nil) on the revolving credit facility. Availability under the revolving credit facility is subject to good quality receivables as defined in the agreement.

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, 2018.

Interest expense is comprised of the following:

	2018	2017
Senior and revolving credit facilities	\$ 89	\$ 343
Amortization of deferred financing costs	96	104
Accretion	187	363
Finance leases	38	66
Other	-	13
	\$ 410	\$ 889

9. Warrant Liabilities

Company issued special warrants were automatically converted into common share purchase warrants on completion of the Company’s IPO (together with other satisfied events). All outstanding common share purchase warrants are exercisable and expire either two or five years following the date of the Company’s IPO. Warrant liabilities convert into common shares of the Company when exercised and the associated non-cash liability is reclassified to common shares upon exercise. The non-cash liability attributable to warrants that expire unexercised are recorded as a gain in the consolidated statements of operations and comprehensive income or loss. There is no circumstance which requires the Company to pay cash upon exercise or expiry of the warrants.

During the year ended September 30, 2018, 196 warrants were exercised, resulting in the issuance of 196 common shares. These warrants had a fair value of \$1,263 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 \$152 gain to the consolidated

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

statement of operations and comprehensive loss representing the difference between the fair value of certain warrants recorded at the most recent reporting date and the fair value of these warrants on the date of exercise.

At September 30, 2018, there were 1,536 (September 30, 2017 – 1,732) warrants outstanding. All warrants have an exercise price of C\$1.38 (September 30, 2017 – C\$1.38) representing a total liability of \$3,799 at September 30, 2018 (September 30, 2017 - \$12,820).

Warrant liabilities are measured at fair value using the Black-Scholes-Merton option pricing model applying the following assumptions: volatility of 39.2% (2017 – 13.7%), a risk-free interest rate of 2.04% (2017 – 1.14%), a dividend yield of nil% (2017 - nil%) and expected life of 14 months (2017 - 26 months).

10. Shareholders' Equity

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. At September 30, 2018 and 2017, no preferred shares were issued.

Normal course issuer bid

Effective June 11, 2018, the Company received approval for a normal course issuer bid to purchase up to 4,000 common shares for a one year period expiring on June 10, 2019. Daily purchases on the Toronto Stock Exchange, or made through alternative Canadian trading systems, are limited to a maximum of 41.436 shares. Once a week, the Company is permitted to purchase a block of common shares which can exceed the daily purchase limit subject to certain restrictions, including a limitation that the block cannot be owned by an insider. All shares purchased will be cancelled.

For the year ended September 30, 2018, 758 common shares (2017 – nil) were purchased and cancelled at a total cost of \$3,265 (2017 - \$nil). As of November 27, 2018, 456 additional common shares were purchased and cancelled or settled.

IPO

On May 11, 2017, the Company completed an IPO of common shares. In connection with the IPO, the Company issued 9,620 common shares from treasury for cash proceeds of \$93,756. The Company incurred share issuance costs of \$6,000 and the related tax effect thereon was \$1,566.

Commitment

In connection with the completion of a private placement in April 2016, the Company committed to issue an additional 750 common shares for no consideration if it did not complete its IPO before the end of calendar year 2016. In January 2017, the Company issued an additional 750 common shares.

Details of the Company's common shares are as follows:

	2018	
	Number of shares	Amount
Balance, beginning of year	87,532	\$ 259,625
Common shares issued on exercise of stock options, during the year (Note 16)	1,258	2,638
Common shares issued on exercise of warrants, during the year (Note 9)	196	1,476
Purchase of common shares, during the year	(758)	(2,186)
Balance, end of year	88,228	\$ 261,553

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	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

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:

	2018		2017	
Net loss	\$	(4,015)	\$	(23,769)
Net loss attributable to common shareholders	\$	(4,571)	\$	(24,014)
Weighted average number of shares, basic		88,348		80,280
Dilutive effect of stock options and warrants		2,416		4,812
Weighted average number of shares, diluted		90,764		85,092
Net loss per weighted average share, basic	\$	(0.05)	\$	(0.30)
Net loss per weighted average share, diluted	\$	(0.05)	\$	(0.30)

12. Operating Expenses and Acquisition and Initial Public Offering (Recovery) Costs

	2018		2017	
Operating expenses:				
Salaries and benefits	\$	59,042	\$	64,739
Sales and marketing		995		951
Travel and entertainment		2,513		2,221
Office and computer		11,069		12,532
Professional fees		3,141		2,753
Other		1,920		3,215
	\$	78,680	\$	86,411

	2018		2017	
Acquisition and initial public offering (recovery) costs:				
Acquisition recovery	\$	(7)	\$	(1,344)
Initial public offering costs		-		2,953
	\$	(7)	\$	1,609

For the year ended September 30, 2018, the Company recognized an expense of \$584 (2017 - \$622) to salaries and benefits, which represents contributions made in connection with defined contribution plans.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 represented an indication of impairment under IAS 36, Impairment of Assets. Accordingly, the Company assessed the recoverable amount of these equity accounted investments, each recorded in the Company's U.S. Title & Closing segment, and determined both to be impaired. The Company recorded an impairment charge of \$5,096 to the consolidated statements of operations and comprehensive loss for the year ending September 30, 2017. The charge was calculated by comparing the carrying value of each investment to its fair value less cost of disposal. The Company estimated fair value based on information available, including the amount it could obtain from the disposal of these investments in arm's length transactions, Level 2 in the fair value hierarchy. The resulting carrying value of these investments was \$50 subsequent to the impairment charge.

14. Changes in Non-Cash Working Capital Items

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

	2018	2017
Trade and other receivables	\$ 8,058	\$ (2,420)
Prepaid expenses	177	(335)
Trade payables	(1,515)	(7,364)
Accrued charges	(402)	(3,960)
Deferred revenues	-	(7)
Effect of foreign currency translation adjustments and other non-cash changes	(3,711)	2,570
	\$ 2,607	\$ (11,516)

15. Changes in Liabilities Arising From Financing Activities

	September 30, 2018						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2017	Proceeds	Re- payments	Change in fair value	Foreign exchange	Other non- cash changes	Ending balance - September 30, 2018
Finance lease obligations	\$ 542	34	(392)	-	(1)	-	\$ 183
Leasehold inducements	\$ 514	-	-	-	(9)	(2)	\$ 503
Warrant liabilities	\$ 12,820	213	-	(7,386)	(585)	(1,263)	\$ 3,799
Contingent consideration - accrued charges	\$ 9,813	-	(10,000)	-	-	187	\$ -

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

16. Stock-Based Compensation

Long-term incentive plan ("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 align compensation with Company and stock price performance. 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 awards and has no intention to grant RSUs or PSUs.

RSUs

The duration of the vesting period and other vesting terms applicable to any RSUs granted under the LTIP will be determined by the plan administrator at the time of grant. Upon vesting, holders will receive, at the option of the plan administrator, either one common share from treasury for each vested RSU, the cash equivalent or a combination of a cash payment and common shares.

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, determined by the plan administrator. The plan administrator may modify the performance goals as necessary to align with them with the Company's corporate objectives. 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 plan administrator, either common shares issued from treasury in proportion to the number of vested PSUs held and the level of performance achieved, the cash equivalent or a combination of a cash payment and common shares.

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 August 13, 2018, the Company awarded certain employees an aggregate of 178 stock options. All options granted vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On May 11, 2018, the Company awarded certain executive officers, directors and employees an aggregate of 1,133 stock options. Options granted to directors, 252, vested immediately, with the balance of options vesting equally on their first, second, and third anniversary from the date of grant. All options expire on the 7th anniversary from the date of grant.

On February 1, 2018, the Company awarded certain employees an aggregate of 69 stock options. All options granted vest equally on their first, second, and third anniversary dates and expire on the 10th anniversary from the date of grant.

On December 1, 2017, the Company awarded certain employees an aggregate of 117 stock options. All 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 options granted vest equally on their first, second, and third anniversary dates and expire on the 10th anniversary from the date of grant.

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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 IPO price and expiring 10 years from the date of grant. Options granted to directors, 203, vested immediately on grant, with the balance of options vesting equally on their first, second and third anniversary from the date of grant.

Legacy Plan

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 vested and were exercisable on the occurrence of certain vesting events.

In February 2017, the vesting event for 945 qualified options 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. On December 15, 2016, the Company awarded certain employees and directors 207 stock options. Options granted to directors, 50 in aggregate, vested immediately, 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.

The closing of the Company’s IPO 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 IPO continue to time vest in accordance with the provisions of the qualification schedule issued concurrent with the original grant and once time vested, are exercisable. Following the IPO, no additional options have been granted under the legacy plan and any outstanding legacy plan options will be governed by the terms of the Company’s current LTIP.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 statements 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:

Grant date - December 1, 2017

Dividend yield		-
Expected volatility		17.7%
Risk free interest rate		1.6%
Expected remaining life, stated in years		6.0
Exercise price (expressed in C\$)	\$	9.05
Fair value, per option (expressed in C\$)	\$	1.93

Grant date - February 1, 2018

Dividend yield		-
Expected volatility		18.0%
Risk free interest rate		1.7%
Expected remaining life, stated in years		6.0
Exercise price (expressed in C\$)	\$	9.59
Fair value, per option (expressed in C\$)	\$	2.11

Grant date - May 11, 2018

Dividend yield		-
Expected volatility		41.7%
Risk free interest rate		2.1%
Expected remaining life, stated in years		4.3
Exercise price (expressed in C\$)	\$	6.11
Fair value, per option (expressed in C\$)	\$	2.23

Grant date - August 13, 2018

Dividend yield		-
Expected volatility		41.6%
Risk free interest rate		2.2%
Expected remaining life, stated in years		4.5
Exercise price (expressed in C\$)	\$	5.22
Fair value, per option (expressed in C\$)	\$	1.95

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2018		2017	
	Number of stock options	Weighted average exercise price, expressed in C\$	Number of stock options	Weighted average exercise price, expressed in C\$
Outstanding balance, beginning of year	6,130	\$ 5.40	6,315	\$ 2.46
Granted, during the year	1,497	\$ 6.39	1,627	\$ 12.50
Exercised, during the year ⁽¹⁾	(1,258)	\$ 2.09	(1,483)	\$ 0.82
Forfeited, during the year	(386)	\$ 10.40	(329)	\$ 4.57
Outstanding balance, end of year	5,983	\$ 6.03	6,130	\$ 5.40
Options exercisable, end of year	3,984	\$ 4.75	4,511	\$ 3.28

Note

⁽¹⁾ During 2017, 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.

The Company recorded stock option expense of \$1,705 (2017 - \$3,497) to operating expenses in the consolidated statements of operations and comprehensive income or loss for the year ended September 30, 2018.

The following table summarizes certain information for stock options outstanding as at September 30, 2018:

Exercise price, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 0.91	105	0.19	105
\$ 1.23	86	0.95	86
\$ 1.69	370	1.62	370
\$ 1.84	621	3.46	621
\$ 2.21	45	4.64	45
\$ 2.28	104	2.09	104
\$ 2.40	1,105	5.96	1,105
\$ 4.60	117	6.79	117
\$ 5.00	186	7.16	152
\$ 5.22	178	6.87	-
\$ 6.11	1,123	6.61	252
\$ 8.00	458	7.74	382
\$ 8.63	36	8.87	13
\$ 9.05	97	9.17	1
\$ 9.59	54	9.34	-
\$ 10.50	167	8.19	110
\$ 12.80	6	8.63	4
\$ 13.00	1,125	8.61	517
	5,983	6.19	3,984

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

17. Related Party Transactions

Compensation of Key Management Personnel

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

	2018	2017
Salaries and benefits	\$ 3,307	\$ 2,466
Stock-based compensation	\$ 1,245	\$ 2,586

18. 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:

2019	\$ 1,937
2020	1,476
2021	1,190
2022	1,110
2023	862
Thereafter	1,565
	<u>\$ 8,140</u>

The Company has entered into finance leases for computer equipment and furniture and fixtures with maturities and interest rates ranging from 2019 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:

2019	\$ 178
2020	10
2021	-
2022	-
2023	-
Thereafter	-
	<u>188</u>
Less: amount representing interest	5
	<u>183</u>
Less: current portion	173
	<u>\$ 10</u>

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. Undisbursed cash deposited in these escrow accounts totaled \$34,984 at September 30, 2018 (2017 - \$57,890) which are not assets of the Company and, therefore have been excluded from the Company's consolidated statements of financial position. However, the Company remains contingently liable for the disbursement of these deposits.

The Company was 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 alleged, amongst other things, that the Company owed certain employees overtime compensation for work performed. The Company determined that the collective action applied 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The Company reached an agreement with the plaintiffs to settle the lawsuit for an aggregate payment to the plaintiffs of \$161. The settlement was approved by the court on June 28, 2018 and paid by the Company shortly thereafter. The Company recorded \$41 in respect of this matter to the consolidated statements of operations and comprehensive loss for the year ended September 30, 2018 (2017 - \$120).

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.

19. Financial Instruments

The following tables outline the hierarchical measurement categories for the fair value of financial assets and liabilities. At September 30, 2018 and 2017, financial assets and liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

	2018				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
Warrant liabilities	\$ -	\$ (3,799)	\$ -	\$ (3,799)	
	\$ -	\$ (3,799)	\$ -	\$ (3,799)	
	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)	

The hierarchical measurement categories for financial assets and liabilities recognized at fair value on a recurring basis are re-assessed at the end of each reporting period.

For the year ended September 30, 2018, there were no transfers between levels or changes to the valuation techniques. For the year ended September 30, 2017, the Company transferred warrant liabilities out of level 3 due to a significant previously unobservable input (Level 3) becoming observable (Level 2) in connection with the Company's initial public offering.

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 counterparty to the instrument, could realize in a current market exchange. The use of differing assumptions, and or estimation methods, could affect fair value.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Contingent consideration represented an earn-out payment due to certain sellers for meeting certain performance conditions which was subsequently guaranteed through an amending agreement with the sellers. The Company initially recorded contingent consideration totaling \$10,000 at a discount applying a rate of 3.85%. The liability accreted until March 31, 2018 and was recorded to accrued charges in the Company's consolidated statements of financial position. The \$10,000 earn-out was paid by the Company in April 2018 in accordance with the terms of the amending agreement.

The following table outlines the change in estimated fair value for recurring Level 3 financial instruments for the year ended September 30, 2018 and 2017, respectively:

Significant unobservable inputs (Level 3)	2018	2017
Balance, beginning of year	\$ (9,813)	\$ (44,098)
Unrealized losses included in the consolidated statements of operations, during the year	(187)	(2,875)
Settlements	10,000	25,486
Transfers out, during the year	-	12,820
Foreign currency translation adjustment	-	(1,146)
Balance, end of year	\$ -	\$ (9,813)

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, market risk and liquidity 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 exposure to credit risk at the date presented. 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, 2018, two customers represented more than 10% (2017 – one customer 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 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Trade and other receivables

	2018	2017
Trade receivables	\$ 23,739	\$ 30,789
Settlement receivables	771	935
Other	53	1,153
Allowance for doubtful accounts	(492)	(777)
	\$ 24,071	\$ 32,100

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

	2018	2017
Balance, beginning of year	\$ (777)	\$ (10)
Impairment recoveries (losses) recognized, during the year	85	(848)
Write-offs, during the year	204	84
Recoveries, during the year	(4)	-
Foreign currency translation adjustment	-	(3)
Balance, end of year	\$ (492)	\$ (777)

The aging of trade and other receivables was as follows:

	2018	2017
Current	\$ 18,239	\$ 23,403
Over 30 days	4,741	5,110
Over 60 days	267	1,149
Over 90 days	1,316	3,215
Total gross trade and other receivables	24,563	32,877
Less: allowance for doubtful accounts	492	777
Total trade and other receivables	\$ 24,071	\$ 32,100

Foreign currency risk

Foreign currency risk arises due to 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 cash balances and 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, 2018, the Company had net assets of \$63,181 (2017 – net assets of \$51,687) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in a plus or minus \$6,318 (2017 - \$5,169) 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 either 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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

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:

						2018
						Payments due
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 9,585	\$ 9,585	\$ -	\$ -	\$ -	
Accrued charges	\$ 1,805	\$ 1,805	\$ -	\$ -	\$ -	
Finance lease obligations	\$ 188	\$ 178	\$ 10	\$ -	\$ -	
						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	\$ -	\$ -	

20. Income Taxes

The components of income tax expense or recovery are as follows:

	2018	2017
Current income tax expense		
Current year	\$ 2,996	\$ 1,729
Adjustments for prior periods	(97)	95
	2,899	1,824
Deferred income tax recovery		
Origination and reversal of temporary differences	(1,911)	(10,146)
Adjustments for prior periods	(387)	(81)
	(2,298)	(10,227)
Total income tax expense (recovery)	\$ 601	\$ (8,403)

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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

	2018	2017
Loss before income tax expense (recovery)	\$ (3,414)	\$ (32,172)
Statutory income tax rate	26.5%	26.5%
Expected income tax recovery at the statutory income tax rate	(905)	(8,526)
Foreign income subject to tax at a different statutory tax rate	(326)	(3,427)
Adjustments for prior periods	(484)	29
Non-deductible expenses and non-taxable income	(2,621)	3,342
State tax	230	179
Impact of U.S. statutory income tax rate change	4,707	-
	\$ 601	\$ (8,403)

Movements in deferred tax assets and liabilities are as follows:

	2018				
	Balance, beginning of year	Recognized in net loss	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (4)	\$ (34)	\$ -	\$ -	(38)
Intangibles	7,257	4,278	-	(27)	11,508
Financing fees	2,367	(662)	-	(79)	1,626
Unutilized tax loss carryforwards	6,397	2,271	-	(71)	8,597
Unrealized foreign exchange gains	(1,607)	91	-	4	(1,512)
Contingent liabilities	3,974	(3,974)	-	-	-
Interest expense	2,015	336	-	-	2,351
Other	246	(8)	-	(6)	232
	\$ 20,645	\$ 2,298	\$ -	\$ (179)	\$ 22,764

	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

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (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, 2018, the Company and its subsidiaries have \$8,984 (2017 - \$6,863) of non-capital loss carryforwards in Canada expiring in varying amounts between 2031 and 2038. The Company also has \$22,486 (2017 - \$12,241) of non-capital loss carryforwards in the U.S. expiring in varying amounts between 2034 and 2038. Total deferred tax assets of \$8,597 (2017 - \$6,397) 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 or an interest in a joint arrangement accounted for in these financial statements and the cost of either 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.

21. Capital Management

The Company actively manages its debt and equity capital in support of its performance 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

22. Segmented Reporting

In the fourth quarter of fiscal 2018, the CODM, who is the President and Chief Executive Officer of the Company, began making resource allocation decisions and assessing the performance of the Company's U.S. operations by separately analyzing U.S. Appraisal and U.S. Title and Closing services. Accordingly, the Company's previously reported U.S. segment has been reclassified into two reportable segments, representing U.S. Appraisal and U.S. Title and Closing. In addition, certain revenues previously reported as U.S. Appraisal revenues have been reclassified to U.S. Title and Closing revenues, since these revenues are more closely aligned with U.S. Title and Closing services than U.S. Appraisal.

There has been no change to how the CODM reviews the Canadian operations.

The CODM does not evaluate operating segments using discrete asset information and the Company does not specifically allocate assets to operating segments for internal reporting purposes.

All previously reported segment amounts have been reclassified to conform to the current year presentation having no impact to the consolidated amounts reported.

Goodwill has been reassigned to the U.S. Appraisal and U.S. Title and Closing segments using a relative value allocation approach similar to that used when a portion of a CGU is disposed of. Accordingly, previously reported goodwill amounts have been calculated applying the fair value allocation percentage derived at the date of change.

The Company conducts its business through three reportable segments: U.S. Appraisal, U.S. Title and Closing and Canada. The Company reports segment information based on internal reports used by the CODM to make operating and resource allocation decisions and to assess performance.

The U.S. Appraisal segment provides residential mortgage appraisals for purchase, refinance and home equity transactions through its Solidifi brand.

The U.S. Title and Closing segment serves the title and closing market through residential and commercial real estate title and/or closing services directly in 46 states, as well as Puerto Rico and in 4 states through agreements with licensed title or escrow providers. Other title and closing service offerings include abstracting services, capital markets services and providing access to its software platforms to other title insurance agencies and mortgage lenders for a subscription fee.

The Canadian segment's primary service offering includes residential mortgage appraisals for purchase, refinance and home equity 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.

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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2018	2017
Revenues		
U.S. Appraisal	\$ 186,464	\$ 186,380
U.S. Title and Closing	65,220	84,862
Canada	29,767	31,734
	\$ 281,451	\$ 302,976
Revenues net of transaction costs		
U.S. Appraisal	\$ 38,377	\$ 33,483
U.S. Title and Closing	39,110	53,640
Canada	5,281	5,171
	\$ 82,768	\$ 92,294
Amortization		
U.S. Appraisal	\$ 3,445	\$ 4,581
U.S. Title and Closing	16,031	15,958
Canada	-	-
Corporate	314	702
	\$ 19,790	\$ 21,241
Operating expenses	\$ 78,680	\$ 86,411
Acquisition and IPO (recovery) costs	\$ (7)	\$ 1,609
Integration expenses	\$ 863	\$ -
Impairment of assets	\$ -	\$ 5,096
Interest expense	\$ 410	\$ 889
Interest income	\$ (698)	\$ (139)
Net foreign exchange (gain) loss	\$ (4,971)	\$ 3,390
(Gain) loss on fair value of warrants	\$ (7,386)	\$ 5,011
Re-measurement (gain) loss on previously held equity method	\$ (499)	\$ 976
Net income from equity accounted investees	\$ -	\$ (18)
Loss before income tax expense or recovery	\$ (3,414)	\$ (32,172)

	2018			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 18,635	\$ -	\$ -	\$ 18,635
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 2,679	\$ -	\$ 449	\$ 3,128

	2017			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 36,837	\$ -	\$ 34	\$ 36,871
Goodwill	\$ 58,890	\$ -	\$ -	\$ 58,890
Property and equipment	\$ 3,693	\$ -	\$ 546	\$ 4,239

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Revenues by service type

	2018	2017
Appraisal and ancillary	\$ 212,229	\$ 214,524
Title and closing	65,220	84,862
Insurance inspection	4,002	3,590
	\$ 281,451	\$ 302,976

For the year ended September 30, 2018, one customer represented more than 10% of the Company's revenues which amounted to \$32,065 and was included in the U.S. Appraisal segment (2017 – \$31,780).

23. 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 2019 and 2027.

Through the Company's by-laws and stand-alone director indemnification agreements, 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.

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 statements of financial position with respect to these agreements.

Leadership Team

Jason Smith

President and Chief
Executive Officer

William Herman

Executive Vice President
and Chief Financial Officer

Andrew Bough

Executive Vice President,
Valuations

Nathan Chandler

Executive Vice President

Loren Cooke

Executive Vice President
President of Solidifi

Steve Lockington

Executive Vice President

Kim Montgomery

Executive Vice President

Craig Rowsell

Executive Vice President

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. Holland¹

Director

Frank V. McMahon⁴

Director

Lisa Melchior⁴

Director

Jason Smith

Director

1. Compensation, Nomination and Governance Committee Member
3. Audit Committee Chair

2. Compensation, Nomination and Governance Committee Chair
4. Audit Committee Member

Corporate Information

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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



2018 Annual Report