

2020
ANNUAL REPORT

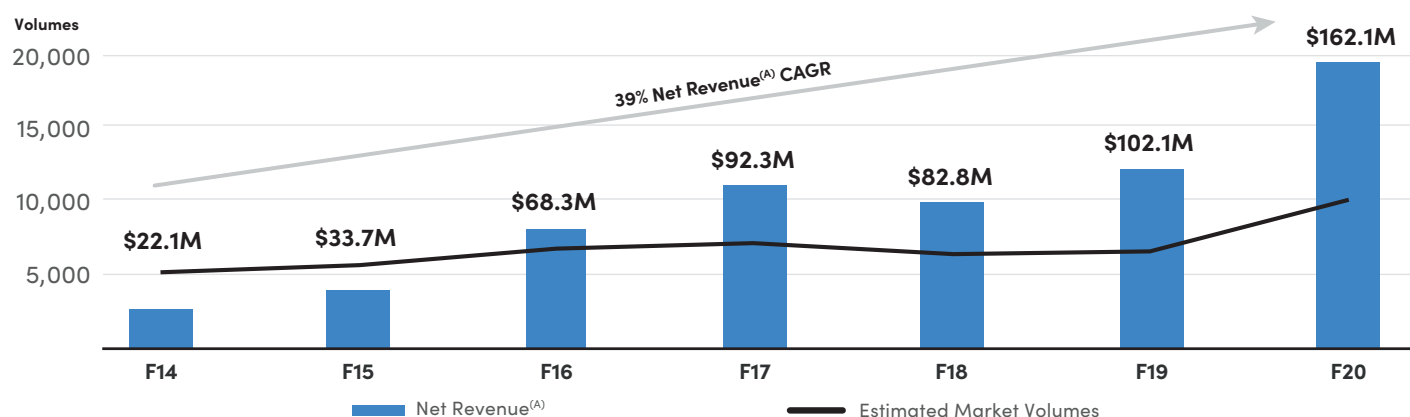


Real Matters is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace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

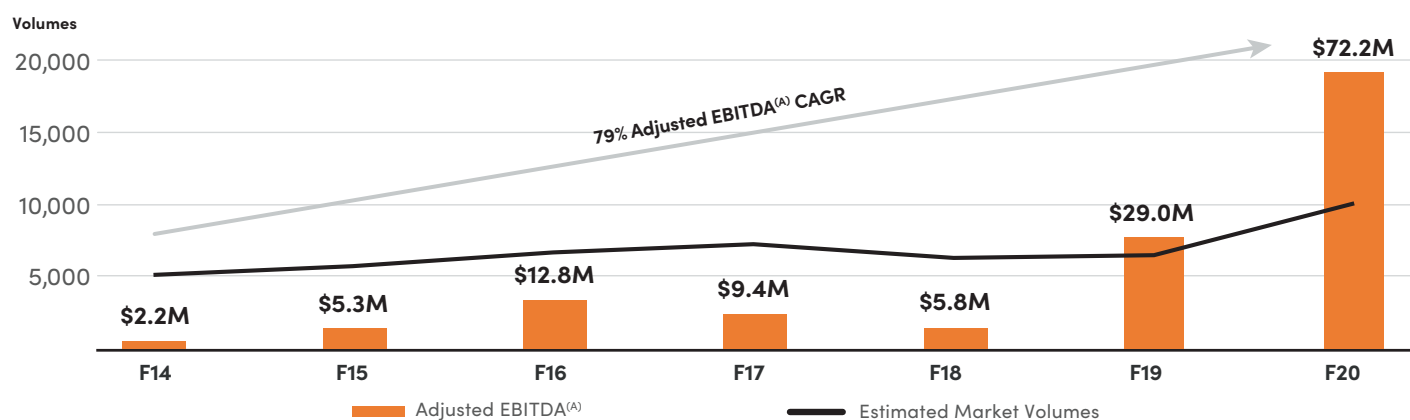
We take a long-term view to manage and measure the success of our business strategies. Our principal focus is on market share growth. We seek to achieve market share increases irrespective of market conditions for residential mortgage originations.

Historical Financial Performance

Net Revenue^(A) vs. U.S. Mortgage Origination Market Volumes*



Adjusted EBITDA^(A) vs. U.S. Mortgage Origination Market Volumes*



^(A) Non-GAAP Measures

Net Revenue and Adjusted EBITDA do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined on page 29 of this Annual Report.

* Management estimate, in thousands of units.

Performance Highlights

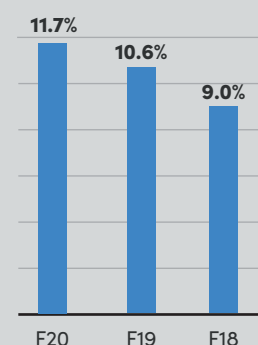
For the year ended September 30, 2020 - in thousands of US\$ except per share amounts

Financial	Fiscal 2020	Fiscal 2019	Fiscal 2018
Consolidated			
Revenues	\$455,945	\$322,537	\$281,451
Net Revenue ^(A)	\$162,117	\$102,075	\$82,768
Net Revenue ^(A) margin	35.6%	31.6%	29.4%
Net income (loss)	\$42,798	\$10,094	\$(4,015)
Adjusted EBITDA ^(A)	\$72,242	\$28,977	\$5,793
Adjusted EBITDA ^(A) margin	44.6%	28.4%	7.0%
U.S. Appraisal			
Revenues	\$282,101	\$212,717	\$186,464
Net Revenue ^(A)	\$67,224	\$50,130	\$38,377
Net Revenue ^(A) margin	23.8%	23.6%	20.6%
Adjusted EBITDA ^(A)	\$39,851	\$26,024	\$11,662
Adjusted EBITDA ^(A) margin	59.3%	51.9%	30.4%
U.S. Title			
Revenues	\$142,397	\$82,649	\$65,220
Net Revenue ^(A)	\$89,845	\$46,838	\$39,110
Net Revenue ^(A) margin	63.1%	56.7%	60.0%
Adjusted EBITDA ^(A)	\$44,291	\$13,696	\$6,173
Adjusted EBITDA ^(A) margin	49.3%	29.2%	15.8%
Canada			
Revenues	\$31,447	\$27,171	\$29,767
Net Revenue ^(A)	\$5,048	\$5,107	\$5,281
Net Revenue ^(A) margin	16.1%	18.8%	17.7%
Adjusted EBITDA ^(A)	\$3,111	\$2,651	\$2,561
Adjusted EBITDA ^(A) margin	61.6%	51.9%	48.5%
Cash	\$129,156	\$71,680	\$68,045
Cash from operations	\$74,689	\$25,643	\$10,372
Long-term debt	-	-	-
Shares issued and outstanding	85,359	84,946	88,228
Stock options issued and outstanding	5,111	6,060	5,983
Warrants issued, outstanding and exercisable	191	874	1,536
Operating Metrics			
U.S. Appraisal market share	11.7%	10.6%	9.0%
U.S. Title market share	2.4%	1.0%	0.6%
Trading Statistics (C\$ except volume)			
High	\$33.01	\$12.02	\$11.00
Low	\$7.74	\$2.95	\$3.95
Close	\$25.95	\$11.04	\$4.55
Average Volume	520,372	158,404	183,420

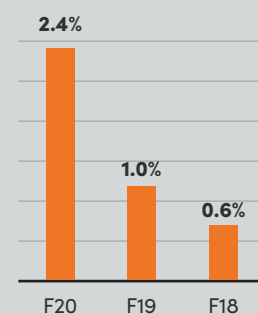
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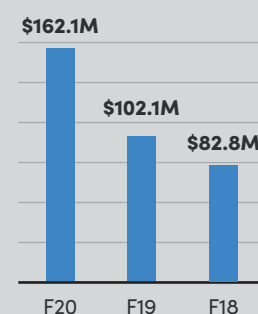
U.S. Appraisal Market Share



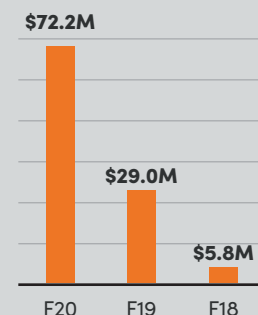
U.S. Title Market Share



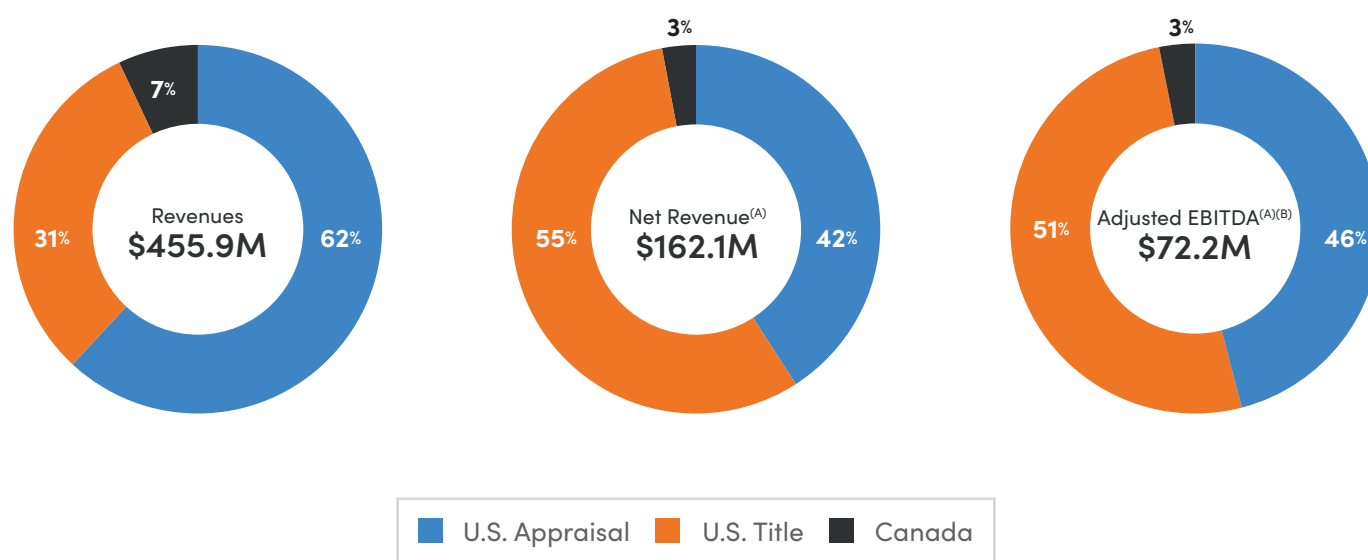
Net Revenue^(A)



Adjusted EBITDA^(A)



Fiscal 2020 in Review



Progress to Fiscal 2021 Targets

	F16 Actual	F21 Target set at IPO	F20 Actual	
Consolidated Net Revenue ^(A) Margins	27.5%	35-40%	35.6%	Achieved
Consolidated Adjusted EBITDA ^(A) Margins	18.8%	25-30%	44.6%	Surpassed
U.S. Appraisal Market Share	4.8%	15-20%	11.7%	—
U.S. Title Market Share	0.2%	1-3%	2.4%	Achieved

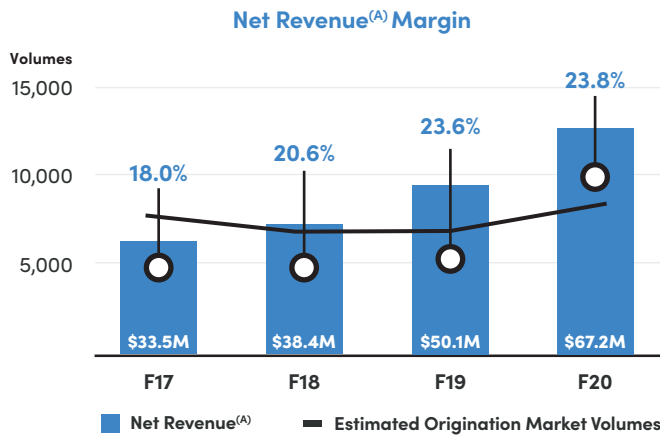
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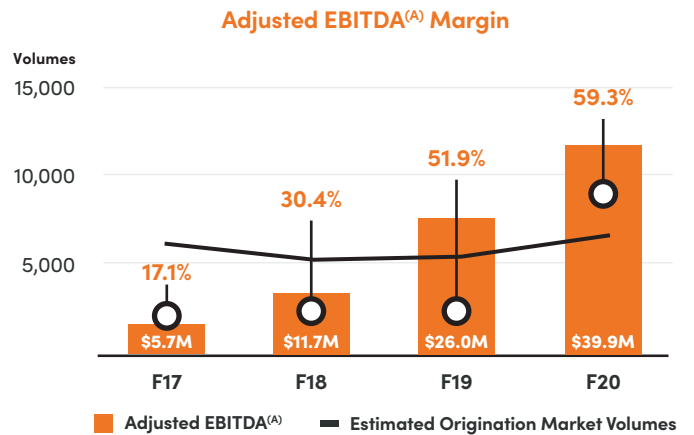
^(B) Adjusted EBITDA^(A) includes \$15.0 million of corporate expenses, which is expressed net of stock-based compensation totalling \$2.4 million.

Key Performance Indicators - U.S. Appraisal

U.S. Appraisal Segment Net Revenue^(A) vs. Addressable U.S. Mortgage Market Origination Volumes*

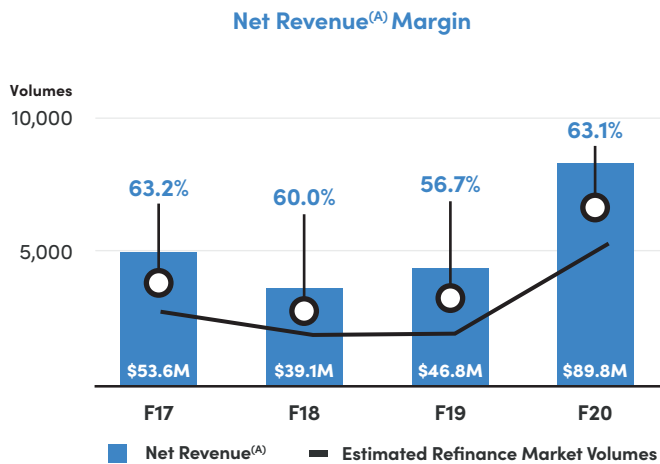


U.S. Appraisal Segment Adjusted EBITDA^(A) vs. Addressable U.S. Mortgage Market Origination Volumes*

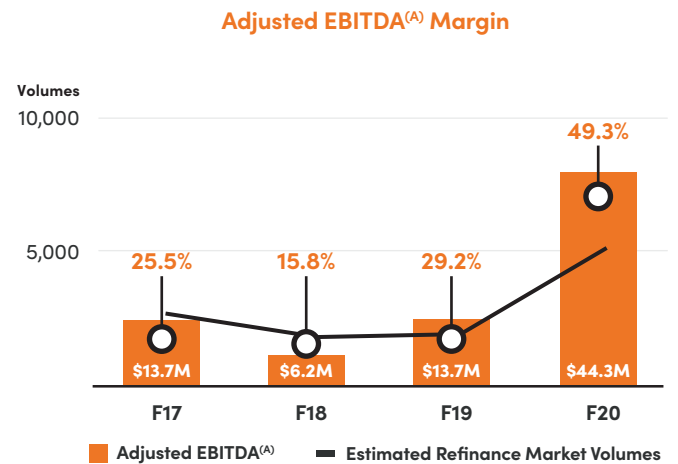


Key Performance Indicators - U.S. Title

U.S. Title Segment Net Revenue^(A) vs. U.S. Mortgage Market Origination Refinance Volumes*



U.S. Title Segment Adjusted EBITDA^(A) vs. U.S. Mortgage Market Origination Refinance Volumes*



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* Management estimate, in thousands of units.

To our shareholders,

Fiscal 2020 was a year of record growth for Real Matters.

Our Fiscal 2020 consolidated revenues increased 41% year-over-year to \$455.9 million, consolidated Net Revenue^(A) was up nearly 59%, and consolidated Adjusted EBITDA^(A) more than doubled to \$72.2 million while consolidated Adjusted EBITDA^(A) margins increased to 44.6% from 28.4% in Fiscal 2019. Our strong financial performance in Fiscal 2020 was underpinned by origination only market adjusted growth of 17.5% in U.S. Appraisal, and refinance only market adjusted growth of 59.2% in U.S. Title. And for the first time, the contribution to Net Revenue^(A) and Adjusted EBITDA^(A) from our U.S. Title segment surpassed U.S. Appraisal.

Despite the COVID-19 pandemic, as an essential service provider, Real Matters continued to serve its clients and perform. In March, we moved to a remote work environment for 96% of our 700+ employees. The move was made in a matter of days,

with virtually no loss in productivity. The appraisers, notaries, attorneys and abstractors on our network also continued to deliver, consistently going above and beyond for our clients and their customers. Being able to failover to remote network management is a core capability of our company and a core tenant of our business continuity commitment to our regulated lenders. We were very pleased that this transition occurred seamlessly and that we have continued to operate without interruption to our clients.

Looking back at the objectives we set when we went public in 2017, we achieved three of those four targets in Fiscal 2020, one full year ahead of our committed timeline. We exited Fiscal 2020 with 11.7% market share in U.S. Appraisal and 2.4% market share in U.S. Title, landing squarely in our Fiscal 2021 target range for title.

The strong U.S. refinance mortgage origination market provided a healthy backdrop for our growth in Fiscal 2020 – particularly in our U.S. Title business. Our results were also bolstered by significant year-over-year market share increases with our clients across both U.S. segments, including share gains across our Tier 1 lenders in U.S. Appraisal.

During Fiscal 2020, we went live with 13 new lenders (including three Top 100 lenders) in U.S. Appraisal and went live in new channels with three Top 100 lenders. In U.S. Title, we went live with 13 new lenders, including two Top 100 lenders.

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Looking back at the objectives we set when we went public in 2017, we achieved three of those four targets in Fiscal 2020, one full year ahead of our committed timeline. We exited Fiscal 2020 with 11.7% market share in U.S. Appraisal and 2.4% market share in U.S. Title, landing squarely in our Fiscal 2021 target range for U.S. Title.

We had committed to achieving consolidated Net Revenue^(A) margins of 35–40% and Adjusted EBITDA^(A) margins of 25–30% by Fiscal 2021. We reported consolidated Net Revenue^(A) margins of 35.6% in Fiscal 2020, hitting the low end of the range, and consolidated Adjusted EBITDA^(A) margins of 44.6% – well above our target range for Fiscal 2021.

In November, we announced my new role as Executive Chairman of the company and our Board of Directors appointed Brian Lang as Chief Executive Officer. Brian is a proven leader whose experience and track-record of working with leading financial institutions will provide a steady hand in continuing to expand our market share in the U.S. mortgage industry. His strong leadership skills and background in technology position him well to lead the team into new markets as the Company looks to diversify its revenue streams through our data monetization strategy. With Brian at the helm, I'm confident that we now have the leadership in place to continue to drive our mortgage businesses forward, and extend our data capabilities to create a new area of growth that will drive our company forward for many, many years to come.

It has been my privilege to serve as the company's CEO for more than 16 years, and I continue to be committed to Real Matters' long-term success in my new role.



Jason Smith
Executive Chairman

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Fiscal 2020 was an excellent year for Real Matters across all measures. We increased market share in both our U.S. Appraisal and U.S. Title segments, set a number of records across both businesses, and delivered exceptional financial results which allowed us to achieve three of our four long-term targets one year ahead of our committed timeline. And we did all of this amid a pandemic.

As we enter Fiscal 2021, Real Matters is better positioned than ever to drive growth over the long term.

There are three principle drivers of our strategy over the next five years.

First, is continuing to build our leadership position in U.S. Appraisal. Today, Real Matters conducts on average more than two thousand mortgage appraisals per day

in the U.S. – and we expect that number to increase significantly over the next five years. We have master service agreements with the largest mortgage lenders in the U.S., and we believe that we are the largest independent provider of residential real estate appraisals in the United States. This is a position that we have earned over a number of years by focusing on performance and first-time quality.

We have established new, five-year targets:

- 7-9% purchase mortgage market share in U.S. Appraisal
- 17-19% refinance mortgage market share in U.S. Appraisal
- Net Revenue^(A) margins of 26-28% and Adjusted EBITDA^(A) margins of 65-70% in U.S. Appraisal
- 6-8% refinance mortgage market share in U.S. Title
- Net Revenue^(A) margins of 60-65% and Adjusted EBITDA^(A) margins of 50-55% in U.S. Title

And while U.S. Appraisal is the most mature of our businesses, we have opportunities to deepen client relationships in new channels as we leverage our performance track record to drive further market share increases and launch new Top 100 lenders.

Second, our strategy is to land client relationships with existing appraisal clients as well as new clients and in turn increase market share in U.S. Title. Over the last several years, we have successfully expanded our U.S. Title client base in the refinance channel by adding larger lenders; however, we have only just begun to tap the

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potential that exists in this segment. Over the next five years, we plan to grow our share of refinance transactions, and we can see our way to expanding our reach into the purchase channel.

By continuing to leverage our existing U.S. Appraisal client relationships as the foundation to cross-sell title services, and demonstrating the strength of our network management capabilities, we believe that we can drive more customers to our platform and drive share gains through better performance.

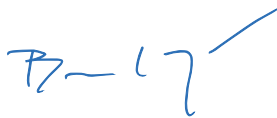
With strong mortgage market tailwinds at our backs, we should have a multiyear opportunity to accelerate our growth in this segment.

The third pillar of our strategy is to diversify our business by establishing a beachhead in the property data monetization market. This part of our strategy has long since been part of our vision as a company. We have unique data assets that we believe can add significant value to a very large market. And we are well positioned to deploy capital for growth in this space.

As we execute on these three pillars of our strategy over the next five years, we plan to continue to scale the business, expand our margins, and broaden our addressable markets.

This is an exciting time for our company. We have an established, blue-chip client base and market leadership position from which to build, including several avenues for growth in our existing businesses, and a new strategic focus that will propel the company forward into new markets.

This past year has tested our resilience as a team, as an industry and no doubt, as individuals. I am very proud and thankful for the dedication and commitment of our employees and the field professionals on our network, as well as for the continued trust of our clients. I would also like to recognize our Board and long-term shareholders for their continued support and encouragement.



Brian Lang
Chief Executive Officer

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Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

The following Management Discussion and Analysis (“MD&A”) was prepared as of November 19, 2020 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2020 and 2019. 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 about the Company, including the Company’s Annual Information Form for the year ended September 30, 2019, can be found on SEDAR under the Company’s profile at www.sedar.com.

Overview

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

Appraisal services

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

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

Title and Closing (“Title”) services

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

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

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Our clients and the market we service

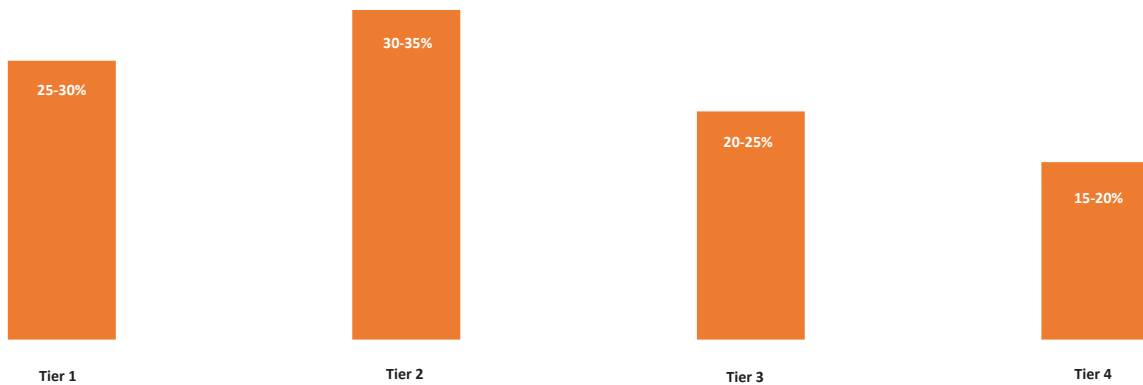
Clients

We supply mortgage origination services to the largest lenders in the U.S., including appraisal services to all of the nation’s Tier 1 (as defined in the “Glossary” section of this MD&A) lenders and many of the nation’s largest regulated and non-bank lenders. Lenders allocate their mortgage origination volumes to their service providers based on performance. Our performance often results in us obtaining an outsized allocation of transaction volumes from these lenders compared to our competitors. Tier 1 and other prominent lenders typically require their service providers to have a national footprint, be well capitalized, registered and licensed nationally, have a strong technology and information security infrastructure, and be in good standing with their regulatory authorities.

We estimate U.S. lender segmentation at the end of fiscal 2020 for appraisal spend was as follows:

U.S. Lender Segmentation by Appraisal Spend - 2020*

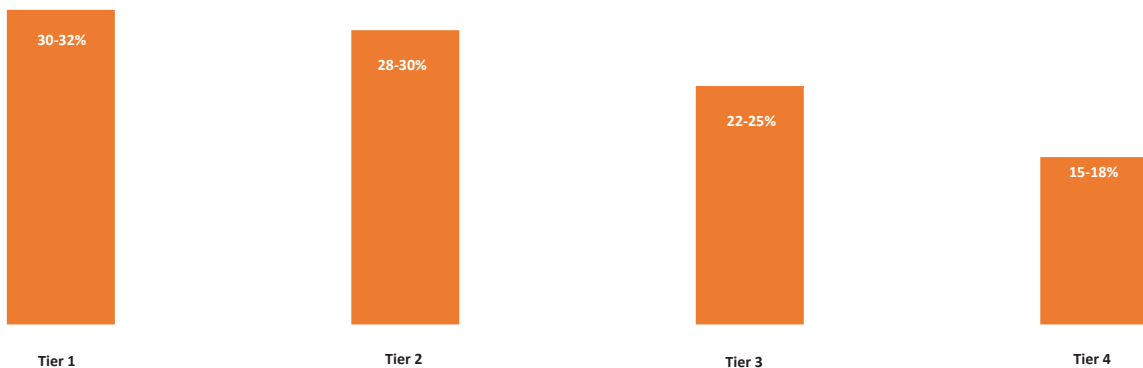
*Management estimate



We estimate U.S. lender segmentation at the end of fiscal 2020 for title spend was as follows:

U.S. Lender Segmentation by Title Spend - 2020*

*Management estimate



U.S. Appraisal

Our U.S. Appraisal segment (as hereinafter defined) provides services to the largest lenders in the U.S., including all six Tier 1 mortgage lenders. In fiscal 2020, we estimate that there were approximately 10.2 million appraisals provided for purchase and refinance mortgage originations in the U.S., representing a total market (“TM”) spend of \$5.5 billion when applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2020. The U.S. mortgage origination market is highly regulated

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

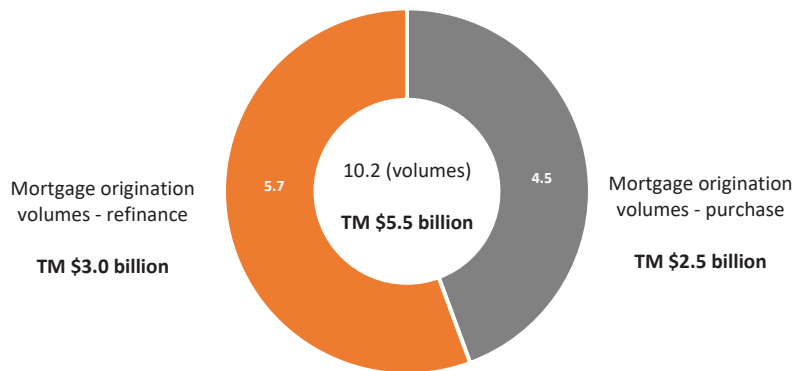
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and one of the largest asset classes in the world, and we provide appraisal services to mortgage lenders across the following channels: purchase origination, refinance origination, home equity, default and REO. The graphic below outlines the estimated size of the TM for purchase and refinance mortgage originations in the U.S. for fiscal 2020 and our estimate of the TM spend for these services. Purchase and refinance mortgage origination volumes serviced in fiscal 2020, represented 74% of the total volume we serviced and accounted for 90% of our U.S. Appraisal segments total revenues:

U.S. Market 2020 Total Mortgage Origination Volumes*

(expressed in millions)

*Management estimate at the end of fiscal 2020

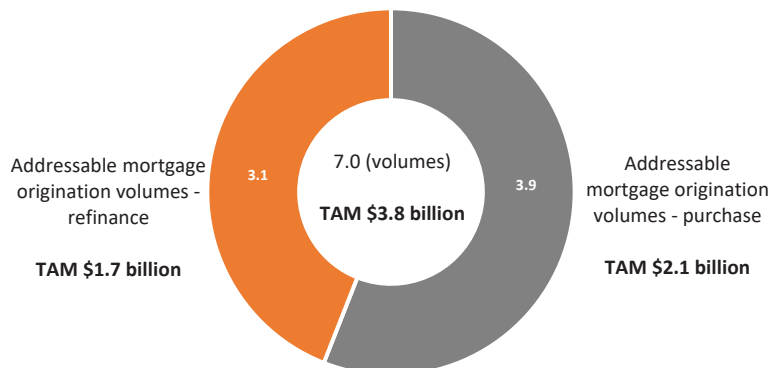


The total addressable market (“TAM”) for our U.S. Appraisal segment excludes appraisal waivers provided by the GSEs and appraisals provided for Veterans Affairs. In fiscal 2020, we estimate that there were approximately 7.0 million appraisals provided for purchase and refinance mortgage originations in the U.S., representing a TAM spend of \$3.8 billion when applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2020. We further believe that waivers are at elevated levels in fiscal 2020 as a result of COVID-19 and will moderate back to normalized levels through fiscal 2025 (please refer to the “Fiscal 2025 targets” section of this MD&A for additional details). The graphic below outlines the estimated size of the TAM for purchase and refinance mortgage originations in the U.S. for fiscal 2020 and our estimate of the TAM spend for these services:

U.S. Market 2020 Addressable Mortgage Origination Volumes*

(expressed in millions)

* Management estimate at the end of fiscal 2020



Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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U.S. Title

Our U.S. Title segment (as hereinafter defined) predominantly services Tier 3 and 4 mortgage lenders. Over the past two years, we have added several top 100 mortgage lender clients, which included Tier 2 and Tier 3 clients. Adding clients is in line with our strategy to increase market share in this segment, with a specific focus on targeting Tier 1 and additional Tier 2 clients. Today, we predominantly supply title and closing services for refinance, home equity, default and REO transactions. For fiscal 2020, we estimate that there were 5.7 million refinance transactions serviced representing a total, and addressable, market spend of \$5.3 billion when applying our average revenue per transaction for refinance mortgage originations in fiscal 2020. The addressable market for our U.S. Title segment is not impacted by waivers or Veterans Affairs volumes.

Canada

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

Our offices and brands

Headquartered in Markham, Ontario, Real Matters' principal offices include Buffalo, New York, 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 and are influenced by cyclical trends and seasonality. Cyclical trends include changes in interest rates, refinancing rates, the capacity of lenders to underwrite mortgages, house prices, housing 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 transaction-based revenues are also impacted by the seasonal nature of the residential mortgage industry, which typically sees home buyers purchase more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. As a result of COVID-19, purchase market activity was lower in our third quarter of fiscal 2020, impacting what is typically higher seasonal activity for purchase volume. However, the residential mortgage market was bolstered by continued strength for refinance mortgage origination activity, which we believe will continue for a number of years hereafter. Our market share is impacted by the size of the addressable residential mortgage origination market but also our clients' relative share of the addressable market. Gains or losses in our clients' share of the addressable mortgage origination market impacts our overall market share. Accordingly, we take a long-term view of our success, since we cannot control the addressable mortgage origination market or the factors that influence it.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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Annual mortgage origination estimates

The table below illustrates estimated U.S. mortgage origination spend for purchase and refinance transactions beginning in 1990, presented on a calendar year basis. Since 2011, the estimated purchase market has grown at a mid to high single digit growth rate, when expressed on a volume basis, which is highly correlated to the strength of the U.S. economy, amongst other factors. However, refinance activity is very sensitive to changes in interest rates which has resulted in significant changes in the volume of activity between years. We believe that refinance activity is poised to significantly increase in the next couple of years due to record low interest rates brought on by COVID-19 and other contributing factors.

Annual Mortgage Origination Estimates *

source Mortgage Bankers Association ("MBA")
(expressed in billions of dollars)

* Excludes servicing, default and REO and home equity activity



Scale from volume

Our objective is to leverage our technology, network and logistics management capabilities, and field professional partnerships to deliver first time quality, faster turnaround times and better performance than our competitors. As volumes on our platform increase from market share growth, market volume (as herein after defined) expansion or some combination of the two, we partner with our field professionals to make them more efficient in their daily activities which leads to an expansion of our Net Revenue^(A) margins. In addition, we leverage our operations to expand our Adjusted EBITDA^(A) margins. Our objectives for each of these measures through fiscal 2025 are outlined in the "Our long-term plan – Fiscal 2025 targets" section of this MD&A. Since 2014, our consolidated operating performance delivered a compound annual growth rate ("CAGR") of 39.4% for Net Revenue^(A) and a 79.4% CAGR for Adjusted EBITDA^(A), which compares to market volumes that increased at an estimated CAGR of 11.8% over the same period.

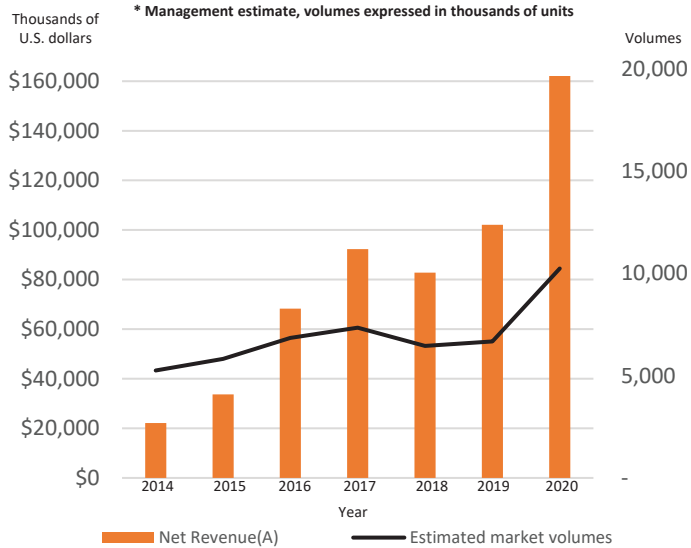
We prepare our financial statements in accordance with IFRS, however, we consider certain Non-GAAP financial measures (as hereinafter defined) as useful additional information to assess our financial performance. Please refer to the "Non-GAAP" Measures" section of this MD&A for additional details regarding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

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

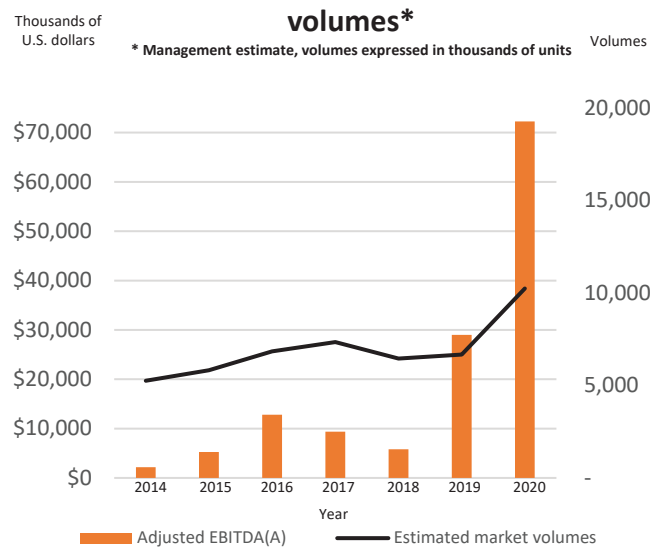
(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

The tables that follow compare our consolidated Net Revenue^(A) and Adjusted EBITDA^(A) to estimated market volumes and demonstrates that we are executing on our principal focus of market share growth.

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

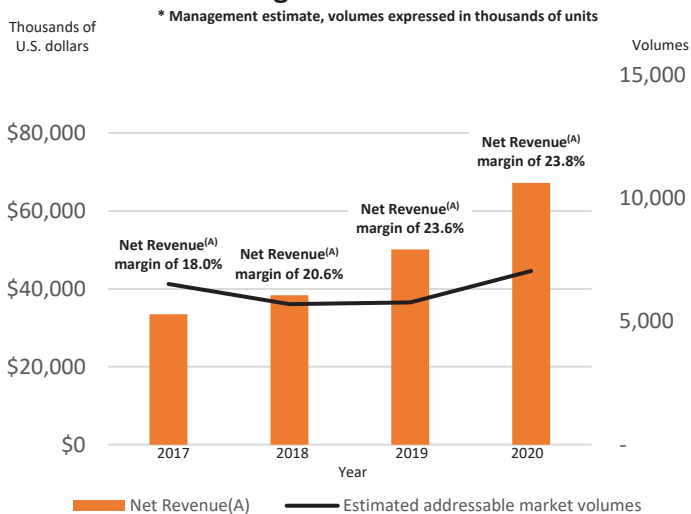


Consolidated Adjusted EBITDA^(A) relative to mortgage market origination volumes*

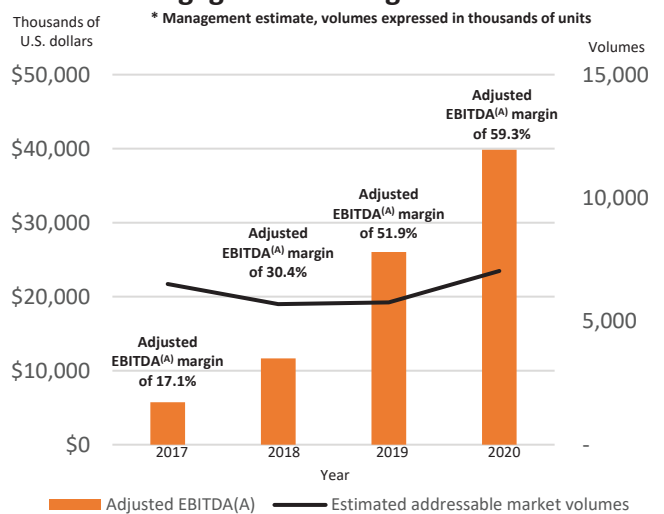


Our U.S. Appraisal segment is our more mature business in the U.S. Servicing higher volumes on our platform from market share gains and, most recently, higher market volumes, has resulted in Net Revenue^(A) and Adjusted EBITDA^(A) margin expansion. Since 2017, our Net Revenue^(A) CAGR was 26.2% and our Adjusted EBITDA^(A) CAGR was 90.8%, which compares to estimated market volumes that increased at a CAGR of 2.6%.

U.S. Appraisal Segment Net Revenue^(A) relative to addressable mortgage market origination volumes*



U.S. Appraisal Segment Adjusted EBITDA^(A) relative to addressable mortgage market origination volumes*

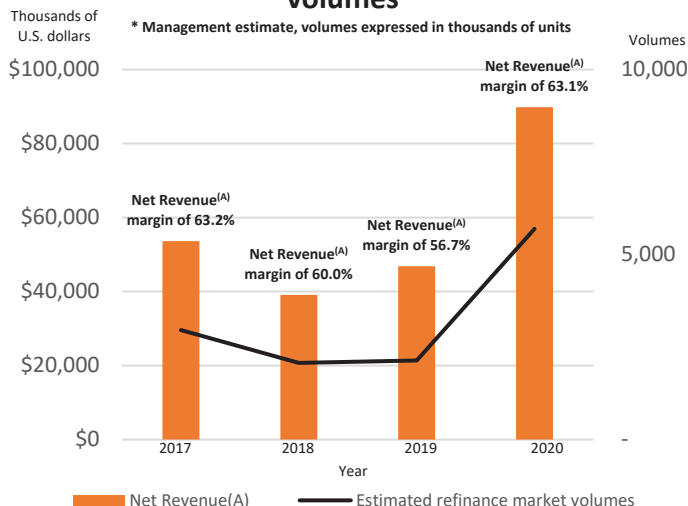


Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

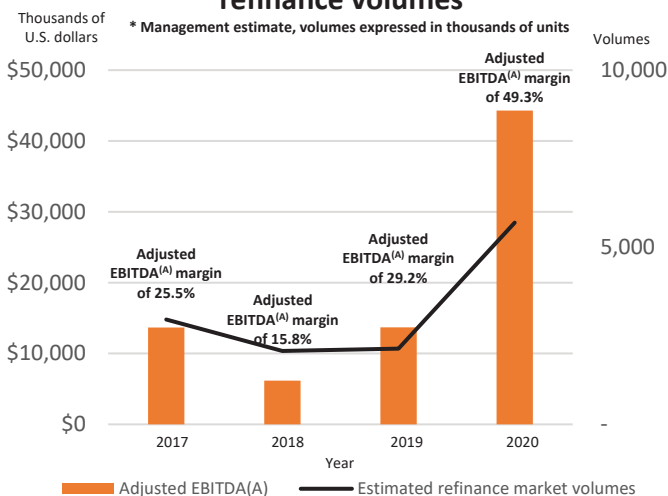
(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

In April 2016, we entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. (“Linear”). Since then, we have ported this business to our platform and have been investing in our field professional panels with the long-term view of leveraging our network to expand Net Revenue^(A) margins like we have done in our U.S. Appraisal segment. Today, our U.S. Title segment predominately services refinance mortgage origination activity. Since 2017, our Net Revenue^(A) CAGR increased 18.8%, or 36.7% for centralized title services Net Revenue^(A) only, and our Adjusted EBITDA^(A) CAGR increased 48.0%, which compares to a CAGR increase of 24.4% in estimated market volumes attributable to refinance activity over the same period.

U.S. Title Segment Net Revenue^(A) relative to mortgage market origination refinance volumes*



U.S. Title Segment Adjusted EBITDA^(A) relative to mortgage market origination refinance volumes*



Our long-term plan

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

Fiscal 2021 targets

In 2017, in connection with our initial public offering (“IPO”), we established four principal targets to achieve by the end of fiscal 2021. At the end of fiscal 2020, we achieved or surpassed three of the four targets, namely our fiscal 2021 targets for U.S. Title market share, consolidated Net Revenue^(A) margins and consolidated Adjusted EBITDA^(A) margins.

	Fiscal 2020 Actual	Fiscal 2021 Target range	
U.S. Appraisal segment market share	11.7%	15-20%	-----
U.S. Title segment market share	2.4%	1-3%	Achieved
Consolidated Net Revenue ^(A) margins	35.6%	35-40%	Achieved
Consolidated Adjusted EBITDA ^(A) margins	44.6%	25-30%	Surpassed

In November 2018, we also established Net Revenue^(A) and Adjusted EBITDA^(A) targets for our U.S. Appraisal, U.S. Title and Canadian segments based on a doubling of volumes from fiscal 2018 levels. The targets we have established through the end of fiscal 2025 for each of these segments represent revised, and in the majority of cases, enhanced margin targets compared to those we established at the end of fiscal 2018. Accordingly, the margin targets expected on a doubling of volumes from 2018 levels have been superseded by our end-of-year fiscal 2025 targets outlined below.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

We are establishing new long-term targets for Net Revenue^(A) margins, Adjusted EBITDA^(A) margins and market share for each of our U.S. Appraisal and U.S. Title segments, outlined below in the “Fiscal 2025 targets” section of this MD&A, which replace the fiscal 2021 targets for U.S. Title market share, consolidated Net Revenue^(A) margins and consolidated Adjusted EBITDA^(A) margins.

In addition, we are withdrawing our fiscal 2021 U.S. Appraisal market share target of 15-20% and have separately established new long-term targets for U.S. Appraisal market share for purchase and refinance mortgage origination activity, which we believe are better aligned with our focus on continued growth in higher margin origination activity. While we believe that our original estimate of the market size and volumes underlying the fiscal 2021 U.S. Appraisal market share target was reasonable at the time it was made, including our estimate of the home equity and default market, various recently available data points do not align with our original estimate of the size of the market. We believe that these new data points, as outlined in the “Fiscal 2025 targets” section of this MD&A, provide a more accurate representation of the size of the addressable market for purchase and refinance mortgage origination activity and by aligning our fiscal 2025 targets on these two measures provides greater transparency into our overall performance. Furthermore, recent market dynamics, including record low interest rates and Government sponsored forbearance programs due to COVID-19, have had a significant impact on the use of waivers and transaction volumes for both home equity and default services, each of which has negatively impacted the historical calculation of U.S. Appraisal market share growth. For these reasons, we have determined that the basis of our original estimate is no longer reasonable and we believe our original estimate of market size and volumes is not supported by recently available data points.

Supporting calculations for U.S. Appraisal and U.S. Title segment market share, applying our historical approach to calculating market share are outlined in the tables below:

Market adjusted growth and market share - U.S. Appraisal

(expressed in whole units)	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Volumes, actual prior period or year ⁽¹⁾	162,997	124,064	530,016	489,194
Estimated market impact ⁽²⁾	-6.9%	10.8%	8.3%	-7.6%
Volumes, actual prior period or year net of estimated market impact	151,754	137,440	574,068	452,208
Volumes, actual current period or year ⁽¹⁾	158,146	162,997	636,349	530,016
Volumes, growth period or year over period or year	6,392	25,557	62,281	77,808
Market adjusted growth ⁽³⁾	4.2%	18.6%	10.8%	17.2%
Market share			11.7%	10.6%

Note

⁽¹⁾ U.S. Appraisal volumes exclude estimated volumes attributable to flood services.

⁽²⁾ Market impact is a measure of the change in addressable market volumes that is solely attributable to changes in market conditions. Management uses a variety of information sources to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

⁽³⁾ For the three months and year ended September 30, 2020, market adjusted growth for mortgage origination volumes only was 7.4% and 17.5%, respectively. As outlined in the “Fiscal 2025 targets” section of this MD&A, we will report on purchase and refinance origination volumes only, going forward.

Market adjusted growth and market share - U.S. Title

(expressed in whole units)	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Volumes, actual prior period or year ⁽¹⁾	21,258	6,344	49,036	31,624
Estimated market impact ⁽²⁾	-6.9%	10.8%	4.6%	-10.4%
Volumes, actual prior period or year net of estimated market impact	19,792	7,028	51,276	28,341
Volumes, actual current period or year ⁽¹⁾	41,360	21,258	121,469	49,036
Volumes, growth period or year over period or year	21,568	14,230	70,193	20,695
Market adjusted growth ⁽³⁾	109.0%	202.5%	136.9%	73.0%
Market share			2.4%	1.0%

Note

⁽¹⁾ U.S. Title volumes exclude home equity title search and diversified volumes.

⁽²⁾ Market impact is a measure of the change in addressable market volumes that is solely attributable to changes in market conditions. Management uses a variety of information sources to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

⁽³⁾ Our U.S. Title segment almost exclusively services volumes attributable to refinance mortgage activity. However, this metric compares volumes serviced by our U.S. Title segment against total estimated market activity, which includes both purchase and refinance mortgage activity. For the three months and year ended September 30, 2020, market adjusted growth for refinance mortgage origination volumes only was 114.1% and 59.2%, respectively. As outlined in the “Fiscal 2025 targets” section of this MD&A, we will report on refinance origination volumes only, going forward.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

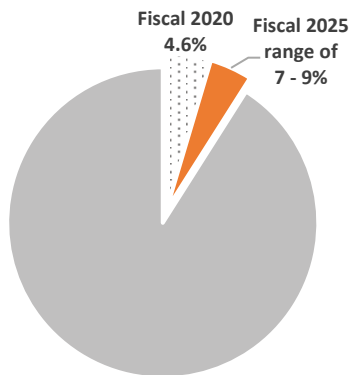
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Fiscal 2025 targets

We are setting new targets through the end of fiscal 2025, which remain grounded in the same philosophy that has guided us to date. As outlined above, residential mortgage origination volumes in North America are a key driver of our financial performance and are influenced by cyclical trends and seasonality. We can't control the factors that influence the cyclical and seasonal trends that impact the residential mortgage market, so we continue to be singularly focused on the things we can control, namely market share and Net Revenue^(A) and Adjusted EBITDA^(A) margins. With the objective of providing more transparency into our long-term performance, growth and margin profiles, and enhancing the alignment of these measures to publicly available data, we are providing targets that are best aligned with our areas of focus for each of our U.S. Appraisal and U.S. Title segments through the end of fiscal 2025. Readers are cautioned that the fiscal 2025 targets may not be appropriate for other purposes.

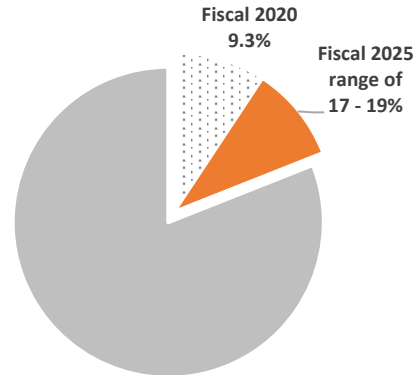
By fiscal 2025, our targets for U.S. Appraisal are to capture 7-9% of the TAM for purchase mortgage origination activity, 17-19% of the TAM for refinance mortgage origination (both TAM targets representing an approximate doubling from fiscal 2020 market share levels), and achieve Net Revenue^(A) margins of 26-28% and Adjusted EBITDA^(A) margins of 65-70%. Our Net Revenue^(A) and Adjusted EBITDA^(A) margin targets are contingent on achieving our market share goals. Our current progression towards our new fiscal 2025 targets for our U.S. Appraisal segment is as follows:

U.S. Appraisal Segment Purchase TAM Share



■ Remaining addressable market

U.S. Appraisal Segment Refinance TAM Share



■ Remaining addressable market

U.S. Appraisal Net Revenues^(A) margins

U.S. Appraisal Adjusted EBITDA^(A) margins

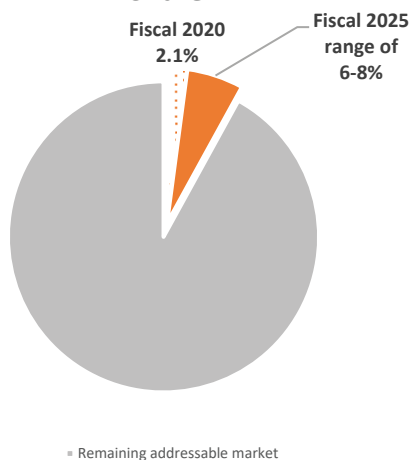
	<u>Fiscal 2020</u> <u>Actual</u>	<u>Fiscal 2025</u> <u>Target range</u>
U.S. Appraisal Net Revenues ^(A) margins	23.8%	26-28%
U.S. Appraisal Adjusted EBITDA ^(A) margins	59.3%	65-70%

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

By fiscal 2025, our targets for U.S. Title are to capture 6-8% of the TAM for refinance mortgage origination (representing an approximate three-fold increase from the market share we posted in fiscal 2020), and achieve Net Revenue^(A) margins of 60-65% and Adjusted EBITDA^(A) margins of 50-55%. Our Net Revenue^(A) and Adjusted EBITDA^(A) margin targets are contingent on achieving our market share goal. Our current progression towards our new fiscal 2025 targets for our U.S. Title segment is as follows:

U.S. Title Segment Refinance TAM Share



U.S. Title Net Revenues^(A) margins

U.S. Title Adjusted EBITDA^(A) margins

	<u>Fiscal 2020</u> Actual	<u>Fiscal 2025</u> Target range
U.S. Title Net Revenues ^(A) margins	63.1%	60-65%
U.S. Title Adjusted EBITDA ^(A) margins	49.3%	50-55%

Our targets for our Canadian segment are to achieve Net Revenue^(A) margins of 19-20% by fiscal 2025, up from 16.1% in fiscal 2020, and Adjusted EBITDA^(A) margins of 65-70% by fiscal 2025, up from 61.6% in fiscal 2020.

Our target for our Corporate segment is to contain corporate expenses, excluding stock-based compensation expense, to 7% of Net Revenue^(A) by fiscal 2025, down from 9.3% in fiscal 2020.

Our target to convert Adjusted EBITDA^(A) to Free Cash Flow^(A) is 70-75% between fiscal 2021 through fiscal 2025.

Our five-year outlook is based on the following principal assumptions, among others:

- total addressable market volumes for our U.S. Appraisal segment of 7.7 million transactions in fiscal 2025 (5.7 million purchase, 2.0 million refinance) and total addressable market volumes for our U.S. Title segment in fiscal 2025 of 2.7 million transactions;
- Veteran Affairs volumes for purchase and refinance activity remain largely unchanged from fiscal 2020 levels through fiscal 2025 (approximately 9% for purchase market volumes and approximately 15% for refinance market volumes);
- waivers for purchase and refinance activity return to levels seen in fiscal 2019 by fiscal 2025 (approximately 2% for purchase market volumes and approximately 10% for refinance market volumes);
- continued expansion of market share in our U.S. Appraisal segment, including, by fiscal 2025, a market share of between 30% to 55% with each of our Tier 1 clients;
- the successful launch of several Tier 1 clients by our U.S. Title segment through fiscal 2025;
- retention and continued growth with our existing clients;
- our ability to continue leveraging our platform to improve Net Revenue^(A) and Adjusted EBITDA^(A) margins over the long-term; and
- no revenue from potential acquisitions is included in our fiscal 2025 targets.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

We consider these assumptions to be reasonable given the five year time horizon and their alignment with our board approved five-year strategic plan and achievable as a result of continuing to execute on our business strategy and our performance against similar targets we established for fiscal 2021. However, there can be no assurance that each of these assumptions will ultimately prove to be correct (please refer to the “Cautionary Note Regarding Forward-Looking Information” section of this MD&A for further details regarding risks that may impact our business).

In this MD&A, we provide our estimate of residential mortgage activity and spend. We have estimated mortgage activity using a variety of information sources, including reports issued under the Home Mortgage Disclosures Act (“HMDA”), which most recently reported mortgage origination activity for calendar year 2019. We have estimated changes in residential mortgage market activity since then using a variety of information sources, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes. We calculate purchase and refinance market share for our U.S. Appraisal segment by dividing volumes we service by our estimate of total addressable market activity. We estimate the size of total, and addressable market spend for our U.S. Appraisal segment, by multiplying our average revenue per transaction for fiscal 2020 by our estimate of total and addressable market volumes. Similarly, we calculate our market share for our U.S. Title segment by dividing refinance volumes we service by our estimate of the total addressable market for refinance activity. We estimate the size of addressable market spend for our U.S. Title segment, by multiplying our average revenue per transaction for fiscal 2020 by our estimate of total addressable market volumes for refinance activity. Estimates for waiver and Veterans Affairs volumes are based on reports issued by the GSEs and by the U.S. Department of Veterans Affairs.

Margin expansion with volume growth

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

We’re built for the long-run

We believe we have a significant amount of addressable market beyond our new fiscal 2025 objectives. The U.S. mortgage market is one of the largest asset classes in the world and we provide our U.S. Appraisal, U.S. Title and Canadian services to blue-chip clients in the U.S. and Canada. Getting to first transaction with the largest mortgage lenders is no small task, and our continued strategy to outperform our competition by leveraging our platform helps solidify the relationships we have with our clients over the long-term. Our business is built for scale and we have a strong balance sheet and strong long-term Free Cash Flow^(A) generating profile to support our long-term business objectives.

Important Factors Affecting our Results from Operations

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

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

(tabular and graphical 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, 2020 and 2019.

Review of Operations - For the year ended September 30, 2020

We conduct our business in the U.S. and Canada through three reportable segments: (i) U.S. appraisal (“U.S. Appraisal”); (ii) U.S. title and closing (“U.S. Title”); and (iii) Canada or Canadian. Expenses attributable to corporate activities are recorded in our Corporate segment. Please refer to the tables in the “Foreign Currency Exchange Rates” section of this MD&A for additional details regarding the impact that foreign currency exchange (“FX”) had on our consolidated operating results for the year ended September 30, 2020.

Consolidated

	Year ended September 30				
	2020		2019		
			Change	% Change	
Revenues	\$ 455,945	\$ 322,537	\$ 133,408	41.4%	
Transaction costs	\$ 293,828	\$ 220,462	\$ 73,366	33.3%	
Operating expenses	\$ 92,294	\$ 74,917	\$ 17,377	23.2%	
Amortization	\$ 4,453	\$ 10,172	\$ (5,719)	-56.2%	
<i>Non-GAAP measures</i>					
Net Revenue ^(A)	\$ 162,117	\$ 102,075	\$ 60,042	58.8%	
Net Revenue ^(A) margin	35.6%	31.6%	4.0%	12.7%	
Adjusted EBITDA ^(A)	\$ 72,242	\$ 28,977	\$ 43,265	149.3%	
Adjusted EBITDA ^(A) margin	44.6%	28.4%	16.2%	57.0%	

Revenues

Consolidated revenues increased, led by higher U.S. Appraisal segment revenues from higher market volumes serviced, market share gains and new client additions. U.S. Title segment revenues also increased due to higher market volumes for refinance activity, market share gains and new client additions, partially offset by lower revenues from diversified services. Revenues in our Canadian segment increased due to market share gains and higher market volumes serviced, partially offset by lower insurance inspection revenues due to COVID-19 and FX.

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, exterior abstractor costs and external quality review costs.

On a consolidated basis transaction costs in our U.S. Appraisal, U.S. Title and Canadian segments increased due to higher volumes serviced, as outlined in the consolidated revenue discussion above.

Operating expenses

Consolidated payroll and related costs increased \$16.7 million, comprised of an \$11.0 million increase in our U.S. Title segment, a \$3.9 million increase in our U.S. Appraisal segment, a modest \$0.3 million decline in our Canadian segment and a \$2.1 million increase in our Corporate segment. Higher payroll and related costs in our U.S. operations were the result of higher volumes serviced. The increase in payroll and related costs in our Corporate segment included higher stock-based compensation expense of \$0.6 million, with net new employees and salary increases accounting for the balance of the change. Bank charges and office expenses for courier services incurred in our U.S. Title segment increased \$0.9 and \$1.8 million, respectively, and data center expense increased \$0.4 million, each the result of higher volumes serviced. These increases to consolidated operating expenses were partially offset by lower lease expense of \$1.9 million, of which \$1.7 million was due to our adoption of IFRS 16 (please refer to the “New Accounting Policies Adopted or Requiring Adoption” section of this MD&A for additional details), and lower travel and entertainment expense of \$1.1 million, due to COVID-19.

Amortization

Amortization declined due to lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years. This decline was partially offset by higher amortization attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Net Revenue^(A) and Adjusted EBITDA^(A)

On a consolidated basis, Net Revenue^(A) and Adjusted EBITDA^(A) increased on higher volumes serviced across our U.S. operating segments and from market share gains and new client additions across our U.S. operating segments. Canadian segment Net Revenue^(A) declined due to COVID-19, as insurance inspections services were temporarily put on hold by our clients. Consolidated Net Revenue^(A) margins increased on a comparative basis largely due to higher proportional revenue generated by, and higher Net Revenue^(A) margins realized in, our U.S. Title segment. Net Revenue^(A) margins increased modestly in our U.S. Appraisal segment, due in part to servicing a greater proportion of higher margin mortgage origination volumes, and servicing fewer lower margin home equity volumes. The decline in Net Revenue^(A) margins in our Canadian segment was due to lower insurance inspection services supplied as a result of COVID-19, while the increase in Net Revenue^(A) margins in our U.S. Title segment was due to product and client mix for refinance mortgage origination volumes serviced and the flow of these volumes between years. Net Revenue^(A) margins from the supply of diversified services increased modestly as a result of product mix. We recognized higher Adjusted EBITDA^(A) margins by leveraging our operations in a higher volume environment and we recognized a \$1.9 million benefit to Adjusted EBITDA^(A), of which \$1.7 million was attributable to our adoption of IFRS 16, and a \$1.1 million benefit to Adjusted EBITDA^(A) from lower travel and entertainment expense due to COVID-19.

U.S. Appraisal

	Year ended September 30			
	2020	2019	Change	% Change
Revenues	\$ 282,101	\$ 212,717	\$ 69,384	32.6%
Transaction costs	\$ 214,877	\$ 162,587	\$ 52,290	32.2%
Operating expenses	\$ 27,373	\$ 24,106	\$ 3,267	13.6%
Amortization	\$ 1,509	\$ 1,118	\$ 391	35.0%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 67,224	\$ 50,130	\$ 17,094	34.1%
Net Revenue ^(A) margin	23.8%	23.6%	0.2%	0.8%
Adjusted EBITDA ^(A)	\$ 39,851	\$ 26,024	\$ 13,827	53.1%
Adjusted EBITDA ^(A) margin	59.3%	51.9%	7.4%	14.3%
Revenues - purchase origination	\$ 97,807	\$ 93,210	\$ 4,597	4.9%
Revenues - refinance origination	\$ 155,341	\$ 81,627	\$ 73,714	90.3%
Revenues - other	\$ 28,953	\$ 37,880	\$ (8,927)	-23.6%

Market share - purchase mortgage originations

(expressed in whole units)	Year ended September 30
	2020
Estimated market volumes	4,543,950
Non-addressable market volumes	(602,925)
Estimated addressable market volumes	3,941,025
Real Matters volumes	180,324
Real Matters market share	4.6%

Market share - refinance mortgage originations

(expressed in whole units)	Year ended September 30
	2020
Estimated market volumes	5,693,800
Non-addressable market volumes	(2,592,664)
Estimated addressable market volumes	3,101,136
Real Matters volumes	288,975
Real Matters market share	9.3%

Revenues

U.S. Appraisal revenues increased as a result of higher refinance market volumes, market share gains, most notably with our Tier 1 clients, and the addition of new clients. Home equity and default revenues, representing other revenues, declined due to lower estimated market volumes for these services.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher net volumes serviced, consistent with the reasons outlined above in the revenue discussion.

Operating expenses

Operating expenses in our U.S. Appraisal segment increased on higher payroll and related costs of \$3.9 million due to higher volumes serviced. Lower lease expense resulting from our adoption of IFRS 16 partially offset this increase and we incurred lower travel and entertainment costs as a result of COVID-19.

Amortization

Amortization increased due to right-of-use assets capitalized in connection with our adoption of IFRS 16, partially offset by fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue^(A) and Adjusted EBITDA^(A)

Our U.S. Appraisal segment serviced higher volumes due to higher market volumes for refinance activity, market share gains and new client additions, which resulted in higher Net Revenue^(A) and Adjusted EBITDA^(A). The increase in market volumes was largely attributable to refinance activity, which we estimate increased 135.0%, or 68.7% when expressed on an addressable market basis. Market volumes for purchase activity was down 6.4%, or 11.0% when expressed on an addressable market basis. We further estimate that home equity and default activity declined year over year. Average revenue per transaction increased for both purchase and refinance volumes serviced while the modest expansion of Net Revenue^(A) margins was due to the network effect, partially offset by the addition of field professionals on our network to service higher than expected market volumes, due in part to capacity building by mortgage lenders in the U.S., and to service higher anticipated market volumes in the future. Net Revenue^(A) margins also benefited from servicing a greater proportion of higher margin mortgage origination volumes, and servicing fewer lower margin home equity volumes. Adjusted EBITDA^(A) margins expanded 740 basis points, of which 530 basis points was attributable to leveraging our operations in a higher volume environment. We also recognized a \$0.8 million benefit to Adjusted EBITDA^(A) in connection with our adoption of IFRS 16 and Adjusted EBITDA^(A) benefited from lower travel and entertainment expense of \$0.5 million due to COVID-19, which combined represented the balance of the year over year expansion in Adjusted EBITDA^(A) margins.

U.S. Title

	Year ended September 30						
	2020		2019		Change	% Change	
Revenues	\$	142,397	\$	82,649	\$	59,748	72.3%
Transaction costs	\$	52,552	\$	35,811	\$	16,741	46.7%
Operating expenses	\$	45,554	\$	33,142	\$	12,412	37.5%
Amortization	\$	2,384	\$	8,804	\$	(6,420)	-72.9%
<i>Non-GAAP measures</i>							
Net Revenue ^(A)	\$	89,845	\$	46,838	\$	43,007	91.8%
Net Revenue ^(A) margin		63.1%		56.7%		6.4%	11.3%
Adjusted EBITDA ^(A)	\$	44,291	\$	13,696	\$	30,595	223.4%
Adjusted EBITDA ^(A) margin		49.3%		29.2%		20.1%	68.8%
Revenues - centralized title	\$	109,497	\$	44,830	\$	64,667	144.2%
Revenues - diversified title	\$	22,798	\$	27,417	\$	(4,619)	-16.8%
Revenues - other	\$	10,102	\$	10,402	\$	(300)	-2.9%

Market share - refinance mortgage originations

	Year ended September 30	
(expressed in whole units)	2020	
Estimated market volumes	5,693,800	
Real Matters volumes ⁽¹⁾	118,388	
Real Matters market share	2.1%	

Note

⁽¹⁾ U.S. Title volumes exclude home equity title search, diversified and REO volumes.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Revenues

U.S. Title segment revenues increased due to higher market volumes for refinance activity, market share gains and new client additions, partially offset by lower revenues for diversified services. The lower interest rate environment contributed to the increase in higher market volumes for refinance activity and the decline in our average revenue per transaction was due to geographic mix. Revenues attributable to centralized title services provided (market volumes serviced) increased \$64.7 million to \$109.5 million while diversified revenues, being revenues which are not directly attributable to mortgage origination activity, totaled \$22.8 million in fiscal 2020, compared to \$27.4 million in fiscal 2019. The decrease in diversified revenues was due to lower commercial and search revenues, due in part to reallocating resources previously servicing commercial activity to service higher market volumes for refinance activity, partially offset by higher capital markets revenue.

Transaction costs

Transaction costs in our U.S. Title segment increased due to higher refinance volumes serviced, as outlined in the revenue discussion above. Transaction costs attributable to diversified volumes declined due to the decrease in services supplied as well as the mix of services.

Operating expenses

Operating expenses in our U.S. Title segment increased due to higher payroll and related costs of \$11.0 million, which we incurred to service higher volumes. We also incurred higher office costs for courier services and banks charges of \$1.8 and \$0.9 million, respectively, as a result of higher volumes serviced. These increases were partially offset by lower lease expense of \$0.6 million, due to our adoption of IFRS 16 and lower travel and entertainment expense of \$0.4 million due to COVID-19.

Amortization

Amortization declined due to lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years. This decline was partially offset by higher amortization attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Net Revenue^(A) and Adjusted EBITDA^(A)

Our U.S. Title segment recorded higher Net Revenue^(A) due to an increase in refinance volumes serviced, while the decline in average revenue per transaction was the result of changes in geographic mix. Net Revenue^(A) margins increased due to product and client mix for refinance mortgage origination volumes serviced and the flow of these volumes year over year and included a modest expansion of Net Revenue^(A) margins for diversified revenues as a result of the mix of services supplied. Operating expenses increased due to higher payroll and related costs, the result of higher volumes serviced, but we expanded Adjusted EBITDA^(A) margins by leveraging our operations in a higher volume environment. In addition, we recognized a \$0.6 million benefit to Adjusted EBITDA^(A) in connection with our adoption of IFRS 16 and incurred lower travel and entertainment expense of \$0.4 million due to COVID-19, which combined represented 120 basis points of the year over year expansion in Adjusted EBITDA^(A) margins.

Canada

	Year ended September 30						
	2020		2019		Change	% Change	
Revenues	\$	31,447	\$	27,171	\$	4,276	15.7%
Transaction costs	\$	26,399	\$	22,064	\$	4,335	19.6%
Operating expenses	\$	1,937	\$	2,456	\$	(519)	-21.1%
Amortization	\$	-	\$	-	\$	-	0.0%
<i>Non-GAAP measures</i>							
Net Revenue ^(A)	\$	5,048	\$	5,107	\$	(59)	-1.2%
Net Revenue ^(A) margin		16.1%		18.8%		-2.7%	-14.4%
Adjusted EBITDA ^(A)	\$	3,111	\$	2,651	\$	460	17.4%
Adjusted EBITDA ^(A) margin		61.6%		51.9%		9.7%	18.7%

Revenues

Revenues in Canada increased due to higher appraisal volumes from increasing market share with certain Canadian clients and stronger market volumes, partially offset by lower revenues derived from insurance inspection services due to COVID-19 and FX. Canadian revenues from appraisal and insurance inspection services were \$28.9 million and \$2.5 million, respectively, in fiscal 2020 versus \$23.4 million and \$3.8 million in fiscal 2019.

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

Transaction costs

Transaction costs in our Canadian segment increased due to higher overall volumes serviced and the mix of services supplied, partially offset by FX.

Operating expenses

The decline in Canadian segment operating expenses was due to lower payroll and related costs of \$0.3 million and lower travel and entertainment expense of \$0.2 million due to COVID-19.

Amortization

Amortization was unchanged between fiscal 2020 and fiscal 2019.

Net Revenue^(A) and Adjusted EBITDA^(A)

Net Revenue^(A) and Net Revenue^(A) margins declined due to a reduction in insurance inspection services supplied as a result of COVID-19. However, Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins expanded as a result of leveraging our appraisal operations in a higher volume environment for appraisal services and incurring lower travel and entertainment expense due to COVID-19. Lower travel and entertainment expense contributed 390 basis points to the 970 basis point expansion in Adjusted EBITDA^(A) margins.

Corporate and other items

	Year ended September 30			
	2020	2019	Change	% Change
Operating expenses	\$ 17,430	\$ 15,213	\$ 2,217	14.6%
Amortization	\$ 560	\$ 250	\$ 310	124.0%
Acquisition costs	\$ -	\$ 267	\$ (267)	-100.0%
Integration expenses	\$ -	\$ 685	\$ (685)	-100.0%
Impairment of assets	\$ -	\$ 361	\$ (361)	-100.0%
Interest expense	\$ 493	\$ 190	\$ 303	159.5%
Interest income	\$ (611)	\$ (986)	\$ 375	-38.0%
Net foreign exchange gain	\$ (1,077)	\$ (3,327)	\$ 2,250	-67.6%
Loss on fair value of warrants	\$ 5,101	\$ 5,617	\$ (516)	-9.2%
Gain on sale of subsidiary	\$ -	\$ (125)	\$ 125	-100.0%
Net income tax expense	\$ 18,666	\$ 4,210	\$ 14,456	343.4%

Operating expenses

Corporate operating expenses increased on higher payroll and related costs of \$2.1 million, which included higher stock-based compensation expense of \$0.6 million, with net new employees and salary increases accounting for the balance of the increase. Data center costs and computer expense increased \$0.3 million, which was offset by lower lease expense resulting from our adoption of IFRS 16 and lower travel and entertainment expense incurred due to COVID-19.

Amortization

The increase in amortization expense was attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Acquisition costs

In fiscal 2019, we settled an amount in respect of a working capital adjustment related to an acquisition completed in a previous year.

Integration expenses

Integration expenses in fiscal 2019 represented a lease termination fee attributable to the integration of certain operations and employee severance costs paid to rationalize and integrate certain operations into our network management business model.

Impairment of assets

Leasehold improvements attributable to the terminated lease described above were determined to be impaired and consequently written-off in fiscal 2019.

Interest expense

The increase in interest expense was attributable to the adoption of IFRS 16.

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

Interest income

The decline in interest income was attributable to lower interest earned on invested cash amounts due to the impact COVID-19 had on prevailing interest rates.

Net foreign exchange gain

The gains recognized in fiscal 2020 and fiscal 2019 were the result of changes in the FX rate between the Canadian and U.S. dollar.

Loss on fair value of warrants

Our share price increased in fiscal 2020 and fiscal 2019, which required us to increase our warrant liability accrual and recognize a corresponding loss on the fair value of warrants.

Gain on sale of subsidiary

In fiscal 2019, we sold all of the issued and outstanding membership interests in a wholly-owned subsidiary for total cash consideration of \$0.1 million and recognized a gain on sale for a like amount.

Income tax expense

We recorded net income of \$61.5 million before income tax expense in fiscal 2020. Income tax calculated at the statutory income tax rate resulted in income tax expense of \$16.3 million, and an additional \$0.8 million of income tax expense was attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses, largely representing gains and losses arising from changes in FX and the fair value of warrants, net of state taxes, together totaled \$1.2 million. Income attributable to non-controlling interests represented the balance of the difference between income tax calculated at the statutory rate and income tax expense recorded in our consolidated statement of operations and comprehensive income.

Review of Operations - For the three months ended September 30, 2020

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 consolidated operating results for the three months ended September 30, 2020.

Consolidated

	Three months ended September 30					
	2020		2019		Change	% Change
Revenues	\$	124,431	\$	107,326	\$ 17,105	15.9%
Transaction costs	\$	77,439	\$	72,933	\$ 4,506	6.2%
Operating expenses	\$	25,262	\$	20,599	\$ 4,663	22.6%
Amortization	\$	1,120	\$	725	\$ 395	54.5%
<i>Non-GAAP measures</i>						
Net Revenue ^(A)	\$	46,992	\$	34,393	\$ 12,599	36.6%
Net Revenue ^(A) margin		37.8%		32.0%	5.8%	18.1%
Adjusted EBITDA ^(A)	\$	22,194	\$	14,089	\$ 8,105	57.5%
Adjusted EBITDA ^(A) margin		47.2%		41.0%	6.2%	15.1%

Revenues

Consolidated revenues increased on higher revenues from our U.S. Title segment due to higher market volumes for refinance activity, market share gains and new client additions, partially offset by lower revenues for diversified and other services. U.S. Appraisal revenues increased as a result of market share gains and new client additions, partially offset by lower addressable market volumes for refinance mortgage origination activity due to higher waivers provided by the GSEs and higher Veterans Affairs volumes. Revenues in our Canadian segment increased due to market share gains and higher market volumes serviced, partially offset by lower insurance inspection revenues due to COVID-19 and FX.

Transaction costs

On a consolidated basis, transaction costs in all three segments increased due to higher volumes serviced, as outlined in the consolidated revenue discussion above. The increase in Canadian segment transaction costs was partially offset by FX.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Operating expenses

The increase in consolidated operating expenses was due primarily to higher payroll and related costs of \$4.4 million to service higher volumes, with \$3.4 million of the increase attributable to our U.S. Title segment and \$0.5 million attributable to our U.S. Appraisal segment. Payroll and related costs increased in our corporate segment by \$0.6 million, with \$0.2 million of the increase attributable to higher stock-based compensation expense. Our Canadian segment recorded a modest \$0.1 million decline in payroll and related costs. In the fourth quarter of fiscal 2020, payroll and related costs benefited from lower short-term incentive expense due to executives as compared to the prior year period. In the fourth quarter of fiscal 2019, we recognized a full year of short-term incentive compensation expense for a portion of each executive's variable compensation that had previously been awarded through a grant of stock options. Accordingly, we recorded short-term incentive compensation expense of \$0.2 million in each of our U.S. Appraisal and U.S. Title segments, with the remaining \$0.4 million recorded to our Corporate segment, compared to recording one quarter of these amounts in the fourth quarter of fiscal 2020. Bank charges and office expenses attributable to courier expense in our U.S. Title segment increased \$0.4 and \$0.5 million, respectively, due to higher volumes serviced. These increases to consolidated operating expenses were offset by lower lease expense resulting from our adoption of IFRS 16 and lower travel and entertainment expense of \$0.5 million due to COVID-19.

Net Revenue^(A) and Adjusted EBITDA^(A)

On a consolidated basis, Net Revenue^(A) and Adjusted EBITDA^(A) increased on improvements to revenues from market share gains, new client additions and higher volumes serviced across each segment. Consolidated Net Revenue^(A) margins increased as a result of a higher proportion of revenue generated by, and higher Net Revenue^(A) margins realized in, our U.S. Title segment. Net Revenue^(A) margins increased modestly in our U.S. Appraisal segment, due in part to servicing more higher margin mortgage origination volumes, and servicing fewer lower margin home equity volumes. The decline in Net Revenue^(A) margins in our Canadian segment was due to the reduction in insurance inspection services supplied as a result of COVID-19, while the increase in Net Revenue^(A) margins in our U.S. Title segment related to product and client mix for refinance mortgage origination volumes serviced and the flow of these volumes between quarters and included a modest expansion of Net Revenue^(A) margins from diversified revenues due to the mix of services supplied. We recognized higher Adjusted EBITDA^(A) margins by leveraging our operations in a higher volume environment and we recognized a \$0.4 million benefit to Adjusted EBITDA^(A) in connection with our adoption of IFRS 16 and a \$0.5 million benefit to Adjusted EBITDA^(A) due to lower travel and entertainment expense as a result of COVID-19.

U.S. Appraisal

	Three months ended September 30			
	2020	2019	Change	% Change
Revenues	\$ 70,801	\$ 68,914	\$ 1,887	2.7%
Transaction costs	\$ 54,166	\$ 53,018	\$ 1,148	2.2%
Operating expenses	\$ 6,794	\$ 6,575	\$ 219	3.3%
Amortization	\$ 386	\$ 208	\$ 178	85.6%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 16,635	\$ 15,896	\$ 739	4.6%
Net Revenue ^(A) margin	23.5%	23.1%	0.4%	1.7%
Adjusted EBITDA ^(A)	\$ 9,841	\$ 9,321	\$ 520	5.6%
Adjusted EBITDA ^(A) margin	59.2%	58.6%	0.6%	1.0%
Revenues - purchase origination	\$ 27,409	\$ 27,276	\$ 133	0.5%
Revenues - refinance origination	\$ 37,182	\$ 31,336	\$ 5,846	18.7%
Revenues - other	\$ 6,210	\$ 10,302	\$ (4,092)	-39.7%

Revenues

The increase in U.S. Appraisal revenues was due to market share gains and new client additions, partially offset by lower addressable market volumes for refinance activity due to an increase in waivers, principally for refinance transactions, and higher Veterans Affairs volumes.

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher volumes serviced, as outlined in the revenues discussion above.

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

Operating expenses

Operating expenses in our U.S. Appraisal segment increased due to higher payroll and related costs of \$0.5 million to service the anticipated increase in market volumes, offset by lower rent expense of \$0.2 million resulting from our adoption of IFRS 16 and lower travel and entertainment expense of \$0.3 million due to COVID-19.

Amortization

Amortization increased due to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Net Revenue^(A) and Adjusted EBITDA^(A)

Our U.S. Appraisal segment serviced higher origination volumes due to market share gains, partially offset by lower addressable market volumes for refinance activity. Net Revenue^(A) margins expanded modestly from servicing a higher proportion of higher price origination volumes. Adjusted EBITDA^(A) margins expanded 60 basis points, largely the result of lower rent expense due to our adoption of IFRS 16 and lower travel and entertainment expense due to COVID-19.

U.S. Title

	Three months ended September 30			
	2020	2019	Change	% Change
Revenues	\$ 43,935	\$ 30,109	\$ 13,826	45.9%
Transaction costs	\$ 15,056	\$ 13,091	\$ 1,965	15.0%
Operating expenses	\$ 13,452	\$ 9,381	\$ 4,071	43.4%
Amortization	\$ 586	\$ 450	\$ 136	30.2%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 28,879	\$ 17,018	\$ 11,861	69.7%
Net Revenue ^(A) margin	65.7%	56.5%	9.2%	16.3%
Adjusted EBITDA ^(A)	\$ 15,427	\$ 7,637	\$ 7,790	102.0%
Adjusted EBITDA ^(A) margin	53.4%	44.9%	8.5%	18.9%
Revenues - centralized title	\$ 38,440	\$ 19,207	\$ 19,233	100.1%
Revenues - diversified title	\$ 3,867	\$ 8,243	\$ (4,376)	-53.1%
Revenues - other	\$ 1,628	\$ 2,659	\$ (1,031)	-38.8%

Revenues

Revenues in our U.S. Title segment increased due to higher market volumes for refinance activity, market share gains and new client additions, partially offset by lower revenues for diversified and other services. The lower interest rate environment contributed to the increase in higher market volumes for refinance activity and our average revenue per transaction increased due to geographic mix. Revenues attributable to centralized title services supplied increased \$19.2 million to \$38.4 million while diversified revenues totaled \$3.9 million in fiscal 2020, compared to \$8.2 million in fiscal 2019. The decrease in diversified revenues was due to lower commercial, search and capital markets revenue, due in part to reallocating resources previously servicing commercial activity to service higher market volumes for refinance activity. The decline in other revenues was due to lower market activity for home equity services.

Transaction costs

Transaction costs in our U.S. Title segment increased due to higher refinance volumes serviced, as outlined above in the revenue discussion. Transaction costs attributable to diversified and other volumes serviced declined due to the decrease in services supplied as well as the mix of services.

Operating expenses

Operating expenses in our U.S. Title segment increased due to higher payroll and related costs totaling \$3.4 million, which we incurred to service higher overall volumes. We also incurred higher office costs for courier services and banks charges of \$0.5 and \$0.4 million, respectively, due to the increase in volumes serviced. These increases were partially offset by lower lease expense of \$0.2 million resulting from our adoption of IFRS 16 and lower travel and entertainment expense of \$0.2 million due to COVID-19.

Amortization

Amortization increased due to higher amortization attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Net Revenue^(A) and Adjusted EBITDA^(A)

Our U.S. Title segment recorded higher Net Revenue^(A) due to an increase in refinance volumes serviced, while the increase in average revenue per transaction was the result of changes in geographic mix. Net Revenue^(A) margins increased due to product and client mix for refinance mortgage origination volumes serviced and the flow of these volumes in the quarter. Net Revenue^(A) margins for diversified revenues expanded due to the mix of service supplied. Operating expenses increased due to higher payroll and related costs, the result of higher volumes serviced, but we expanded Adjusted EBITDA^(A) margins by leveraging our operations in a higher overall volume environment. In addition, we recognized a \$0.2 million benefit to Adjusted EBITDA^(A) in connection with our adoption of IFRS 16 and incurred lower travel and entertainment expense of \$0.2 million due to COVID-19, which combined represented 110 basis points of the 850 basis point expansion in Adjusted EBITDA^(A) margins over the comparative period.

Canada

	Three months ended September 30			
	2020	2019	Change	% Change
Revenues	\$ 9,695	\$ 8,303	\$ 1,392	16.8%
Transaction costs	\$ 8,217	\$ 6,824	\$ 1,393	20.4%
Operating expenses	\$ 417	\$ 587	\$ (170)	-29.0%
Amortization	\$ -	\$ -	\$ -	0.0%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 1,478	\$ 1,479	\$ (1)	-0.1%
Net Revenue ^(A) margin	15.2%	17.8%	-2.6%	-14.6%
Adjusted EBITDA ^(A)	\$ 1,061	\$ 892	\$ 169	18.9%
Adjusted EBITDA ^(A) margin	71.8%	60.3%	11.5%	19.1%

Revenues

Revenues in Canada increased due to higher appraisal volumes from increasing market share gains with certain Canadian clients and stronger market volumes in Canada, partially offset by lower revenues derived from insurance inspection services due to COVID-19 and FX. Canadian revenues from appraisal and insurance inspection services were \$9.1 million and \$0.6 million, respectively, in fiscal 2020 versus \$7.3 million and \$1.0 million in the same quarter last year.

Transaction costs

Transaction costs in our Canadian segment increased due to higher overall volumes serviced.

Operating expenses

The decline in Canadian segment operating expenses was due to lower payroll and related costs of \$0.1 million and modestly lower travel and entertainment expense due to COVID-19.

Amortization

Amortization was unchanged between fiscal 2020 and fiscal 2019.

Net Revenue^(A) and Adjusted EBITDA^(A)

Net Revenue^(A) was unchanged between quarters, while Net Revenue^(A) margins declined due to a reduction in insurance inspection services supplied as a result of COVID-19. However, Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins expanded as a result of leveraging our appraisal operations in a higher overall volume environment and incurring lower travel and entertainment expense due to COVID-19. Lower travel and entertainment expense contributed 280 basis points to the 1,150 basis point expansion in Adjusted EBITDA^(A) margins.

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

Corporate and other items

	Three months ended September 30			
	2020	2019	Change	% Change
Operating expenses	\$ 4,599	\$ 4,056	\$ 543	13.4%
Amortization	\$ 148	\$ 67	\$ 81	120.9%
Interest expense	\$ 111	\$ 45	\$ 66	146.7%
Interest income	\$ (71)	\$ (240)	\$ 169	-70.4%
Net foreign exchange loss (gain)	\$ 2,622	\$ (1,876)	\$ 4,498	-239.8%
Loss on fair value of warrants	\$ 280	\$ 3,131	\$ (2,851)	-91.1%
Net income tax expense	\$ 4,940	\$ 4,058	\$ 882	21.7%

Operating expenses

Corporate operating expenses increased on higher payroll and related costs of \$0.6 million, which included a \$0.2 million increase in stock-based compensation expense, with net new employees and salary increases accounting for the balance of the increase. This increase was partially offset by lower lease expense due to our adoption of IFRS 16 and lower travel and entertainment expense due to COVID-19.

Amortization

The increase in amortization expense was attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16.

Interest expense

The increase in interest expense was attributable to the adoption of IFRS 16.

Interest income

The decline in interest income was attributable to lower interest earned on invested cash amounts due to the impact COVID-19 had on prevailing interest rates.

Net foreign exchange loss (gain)

The loss and gain recognized in the fourth quarter of fiscal 2020 and fiscal 2019, respectively, was the result of changes in the FX rate between the Canadian and U.S. dollar.

Loss on fair value of warrants

Our share price increased in the fourth quarter of fiscal 2020 and fiscal 2019, which required us to increase our warrant liability accrual and recognize a corresponding loss on the fair value of warrants.

Income tax expense

We recorded net income of \$17.7 million before income tax expense in the fourth quarter of fiscal 2020. Income tax calculated at the statutory income tax rate resulted in income tax expense of \$4.7 million, and an additional \$0.2 million of income tax expense was attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses, net of state taxes, and income attributable to non-controlling interests offset each other.

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”, “Adjusted Net Income or Loss”, “Free Cash Flow” and “Free Cash Flow Conversion”.

(A)

Adjusted EBITDA

All references to “Adjusted EBITDA” in this MD&A are to net income or loss before stock-based compensation expense, amortization, acquisition costs, integration expenses, impairment of assets, interest expense, interest income, net foreign exchange gain or loss,

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gain or loss on fair value of warrants, gain or loss on sale of subsidiary 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 the fair value of warrants, gain or loss on sale of subsidiary and deferred income taxes) or non-operating (in the case of acquisition 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 our lender, and represents a measure of our operating performance to value our Company relative to our peers and to measure 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 granted in connection with our IPO or ongoing grants of 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 costs: These costs represent non-operating items and include transaction costs attributable to acquisitions. These costs are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

Integration expenses: These expenses represent non-operating costs, primarily comprising employee severance and lease termination fees. 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.

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

Gain or loss on sale of subsidiary: As a non-cash item, the gain or loss on sale of subsidiary is not indicative of our operating profitability and therefore represents a different class of income or expense than those included in Adjusted EBITDA.

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

In connection with adopting IFRS 16 on October 1, 2019, operating lease payments previously recorded as an operating expense in the consolidated statements of operation and comprehensive income or loss are now recorded as a combination of interest and amortization expense. Lease expense that would have otherwise been recorded to operating expense for the three months and year ended September 30, 2020, if not for our adoption of IFRS 16, totaled \$0.4 million and \$1.7 million, respectively.

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

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the consolidated statements of operations and comprehensive income or loss for the three months and years ended September 30, 2020 and 2019. The reconciling items between net income or loss and Adjusted EBITDA for the three months and years ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Net income	\$ 12,728	\$ 7,951	\$ 42,798	\$ 10,094
Stock-based compensation expense	464	295	2,419	1,819
Amortization	1,120	725	4,453	10,172
Acquisition costs	-	-	-	267
Integration expenses	-	-	-	685
Impairment of assets	-	-	-	361
Interest expense	111	45	493	190
Interest income	(71)	(240)	(611)	(986)
Net foreign exchange loss (gain)	2,622	(1,876)	(1,077)	(3,327)
Loss on fair value of warrants	280	3,131	5,101	5,617
Gain on sale of subsidiary	-	-	-	(125)
Income tax expense	4,940	4,058	18,666	4,210
Adjusted EBITDA	\$ 22,194	\$ 14,089	\$ 72,242	\$ 28,977

Management calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Revenues	\$ 124,431	\$ 107,326	\$ 455,945	\$ 322,537
Less: Transaction costs	77,439	72,933	293,828	220,462
Less: Operating expenses	25,262	20,599	92,294	74,917
Add: Stock-based compensation expense	464	295	2,419	1,819
Adjusted EBITDA	\$ 22,194	\$ 14,089	\$ 72,242	\$ 28,977

Adjusted EBITDA by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
U.S. Appraisal	\$ 9,841	\$ 9,321	\$ 39,851	\$ 26,024
U.S. Title	15,427	7,637	44,291	13,696
Canada	1,061	892	3,111	2,651
Corporate (excluding stock-based compensation)	(4,135)	(3,761)	(15,011)	(13,394)
Consolidated Adjusted EBITDA	\$ 22,194	\$ 14,089	\$ 72,242	\$ 28,977

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

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
U.S. Appraisal	59.2%	58.6%	59.3%	51.9%
U.S. Title	53.4%	44.9%	49.3%	29.2%
Canada	71.8%	60.3%	61.6%	51.9%
Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation)	47.2%	41.0%	44.6%	28.4%

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

Net Revenue

All references to “Net Revenue” in this MD&A are to Adjusted EBITDA plus operating expenses less stock-based compensation expense. Net Revenue is an additional measure of our operating profitability and therefore excludes certain items detailed below. Net Revenue represents the difference between revenues and transaction costs, where transaction costs represent 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 serves as a measure to value our Company relative to our peers.

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 and years ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Net income	\$ 12,728	\$ 7,951	\$ 42,798	\$ 10,094
Operating expenses	25,262	20,599	92,294	74,917
Amortization	1,120	725	4,453	10,172
Acquisition costs	-	-	-	267
Integration expenses	-	-	-	685
Impairment of assets	-	-	-	361
Interest expense	111	45	493	190
Interest income	(71)	(240)	(611)	(986)
Net foreign exchange loss (gain)	2,622	(1,876)	(1,077)	(3,327)
Loss on fair value of warrants	280	3,131	5,101	5,617
Gain on sale of subsidiary	-	-	-	(125)
Income tax expense	4,940	4,058	18,666	4,210
Net Revenue	\$ 46,992	\$ 34,393	\$ 162,117	\$ 102,075

Management calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Revenues	\$ 124,431	\$ 107,326	\$ 455,945	\$ 322,537
Less: Transaction costs	77,439	72,933	293,828	220,462
Net Revenue	\$ 46,992	\$ 34,393	\$ 162,117	\$ 102,075

Net Revenue by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
U.S. Appraisal	\$ 16,635	\$ 15,896	\$ 67,224	\$ 50,130
U.S. Title	28,879	17,018	89,845	46,838
Canada	1,478	1,479	5,048	5,107
Consolidated Net Revenue	\$ 46,992	\$ 34,393	\$ 162,117	\$ 102,075

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

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
U.S. Appraisal	23.5%	23.1%	23.8%	23.6%
U.S. Title	65.7%	56.5%	63.1%	56.7%
Canada	15.2%	17.8%	16.1%	18.8%
Consolidated Net Revenue margin	37.8%	32.0%	35.6%	31.6%

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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 costs, integration expenses, impairment of assets, net foreign exchange gain or loss, gain or loss on fair value of warrants, gain or loss on sale of subsidiary, net of the related tax effects. Adjusted Net Income or Loss is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Adjusted Net Income or Loss is a measure of our operating profitability and, by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of 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 gain or loss on sale of subsidiary) or non-operating (in the case of acquisition costs, integration expenses and realized net foreign exchange gain or loss). Adjusted Net Income or Loss is a useful financial and operating metric for us and our board of directors as it represents net income from operations which excludes treasury, capital, acquisition and related costs, and non-operating costs.

The reconciling items between net income or loss and Adjusted Net Income or Loss for the three months and years ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Net income	\$ 12,728	\$ 7,951	\$ 42,798	\$ 10,094
Stock-based compensation expense	464	295	2,419	1,819
Amortization of intangibles	432	431	1,727	8,981
Acquisition costs	-	-	-	267
Integration expenses	-	-	-	685
Impairment of assets	-	-	-	361
Net foreign exchange loss (gain)	2,622	(1,876)	(1,077)	(3,327)
Loss on fair value of warrants	280	3,131	5,101	5,617
Gain on sale of subsidiary	-	-	-	(125)
Related tax effects	(893)	(442)	(1,545)	(3,470)
Adjusted Net Income	\$ 15,633	\$ 9,490	\$ 49,423	\$ 20,902

Free Cash Flow and Free Cash Flow Conversion

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

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

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

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Cash generated from operating activities	\$ 18,989	\$ 17,707	\$ 74,689	\$ 25,643
Less: changes in non-cash working capital items	3,461	3,241	8,364	(2,127)
Less: purchase of property and equipment	449	189	1,828	2,065
Add: income taxes paid	5,509	262	6,467	1,806
Less: current income tax expense (recovery)	4,430	(41)	7,528	971
Add: acquisition costs	-	-	-	267
Add: integration expenses	-	-	-	685
Less: interest expense net of interest paid	15	24	86	95
Add: net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements	1,132	(438)	(346)	(719)
Add: leasehold inducements	-	18	-	59
Free Cash Flow	\$ 17,275	\$ 14,136	\$ 63,004	\$ 26,737

Management calculates Free Cash Flow as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Adjusted EBITDA	\$ 22,194	\$ 14,089	\$ 72,242	\$ 28,977
Less: interest expense	111	45	493	190
Add: interest income	71	240	611	986
Less: current income tax expense (recovery)	4,430	(41)	7,528	971
Less: purchase of property and equipment	449	189	1,828	2,065
Free Cash Flow	\$ 17,275	\$ 14,136	\$ 63,004	\$ 26,737

Free Cash Flow Conversion is calculated as follows:

	Three months ended September 30		Year ended September 30	
	2020	2019	2020	2019
Free Cash Flow	\$ 17,275	\$ 14,136	\$ 63,004	\$ 26,737
Adjusted EBITDA	\$ 22,194	\$ 14,089	\$ 72,242	\$ 28,977
Free Cash Flow Conversion	77.8%	100.3%	87.2%	92.3%

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

Dividends

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

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

Selected Annual Information

	Year ended September 30		
	2020	2019	2018
Revenues	\$ 455,945	\$ 322,537	\$ 281,451
Net income (loss)	\$ 42,798	\$ 10,094	\$ (4,015)
Net income (loss) per weighted average share, basic	\$ 0.50	\$ 0.10	\$ (0.05)
Net income (loss) per weighted average share, diluted	\$ 0.47	\$ 0.10	\$ (0.05)
Total assets	\$ 249,724	\$ 203,083	\$ 198,863
Total long-term liabilities	\$ 10,128	\$ 6,833	\$ 4,312

Revenues

2020-2019

Please see the “Review of Operations – For the year ended September 30, 2020” section of this MD&A for a detailed discussion regarding the change in revenues between fiscal 2020 and fiscal 2019.

2019-2018

Consolidated

Consolidated revenues increased on strong market share growth and new client additions in our U.S. Appraisal segment, partially offset by lower market volumes. U.S. Title segment revenues increased due to market share growth, new client additions and higher revenues from diversified services, partially offset by lower market volumes for refinance activity. Canadian segment revenues declined due to modestly lower market volumes and FX translation from a weaker Canadian dollar.

U.S. Appraisal

U.S. Appraisal revenues increased as a result of market share gains and new client additions, which outpaced lower market volumes compared to fiscal 2018.

U.S. Title

U.S. Title segment revenues increased due to market share growth, new client additions and higher revenues from diversified services, partially offset by lower market volumes for refinance activity. Lower interest rates contributed to the increase in higher refinance market volumes, and although reported volumes increased, average revenue per unit declined due to geographic mix. U.S. Title revenues attributable to reported volumes for this segment increased \$13.9 million to \$44.8 million. The increase in diversified revenues reflected higher capital markets and commercial activity, partially offset by lower third party search services. Diversified revenues totaled \$27.4 million in fiscal 2019, compared to \$22.8 million in fiscal 2018.

Canada

Revenues in Canada declined \$0.9 million due to FX translation from a weaker Canadian dollar, while higher appraisal volumes from increasing market share gains with certain Canadian clients was offset by weaker mortgage origination volumes in Canada. Canadian revenues from appraisal and insurance inspection services were \$23.4 million and \$3.8 million, respectively, in fiscal 2019 versus \$25.8 million and \$4.0 million in fiscal 2018.

Net income (loss)

2020-2019

Please see the “Review of Operations – For the year ended September 30, 2020” section of this MD&A for a detailed discussion of the components comprising the change in net income between fiscal 2020 and fiscal 2019.

2019-2018

Our net income increased to \$10.1 million in fiscal 2019 compared to a \$4.0 million net loss reported in fiscal 2018. Factors contributing to this increase included strong improvements to Net Revenue^(A) margins and lower operating costs resulting from productivity enhancements to our platform and operating leverage in our U.S. Appraisal segment. Our U.S. Title segment also made a significant contribution to the increase from stronger Adjusted EBITDA^(A) due to higher volumes serviced for refinance activity and higher comparative diversified revenues. The decline in operating expenses in our Corporate segment and resulting improvement to net income was due to lower payroll and related costs. We incurred higher payroll and related costs in fiscal 2018 to port our U.S. Title business to our platform which was the primary factor for the year over year improvement. Our Canadian segment delivered a modest

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improvement to Adjusted EBITDA^(A) as a result of improvements to Net Revenue^(A) margins and modestly lower operating expenses. Amortization declined due to lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years. This decline was offset by an increase in losses attributable to warrant liabilities which was due in large part to the increase in our share price. Our share price increased in fiscal 2019, which caused us to recognize an increase in warrant liabilities recorded to the statement of financial position and recognize a corresponding loss on the fair value of warrant liabilities.

Total Assets

2020-2019

Total assets increased on higher cash and cash equivalents of \$57.5 million and higher property and equipment of \$7.7 million. These increases were partially offset by declines in deferred tax assets of \$11.1 million, trade and other receivables of \$5.9 million and intangibles of \$1.7 million. The increase in cash and cash equivalents reflects a strong Adjusted EBITDA^(A) performance in fiscal 2020 and a corresponding increase in cash generated from operating activities. Adjusted EBITDA^(A) of \$72.2 million was the most significant contributor to the \$74.7 million of cash generated from operating activities in fiscal 2020. Strong cash from operating activities was partially utilized in investing activities, largely on account of computer equipment purchases to support growth in our operations. In addition, \$15.2 million of cash was utilized in financing activities, of which \$17.0 million was used to purchase our shares under our normal course issuer bid, which was partially offset by proceeds received from the exercise of warrants and stock options, net of dividends paid to non-controlling interests and the repayment of lease liabilities. The increase in property and equipment is largely the result of adopting IFRS 16, coupled with current year investment in computer equipment to support growth in our operations, net of amortization. The decline in deferred tax assets was due in part to the utilization of tax loss carryforwards as a result of our strong operating results, coupled with a decrease in deferred tax assets attributable to timing differences between book and tax for intangible assets and right-of-use assets and lease liabilities. The decline in trade and other receivables reflects lower appraisal services for home equity clients, which contributed to the \$2.0 million decline in home equity trade receivables, while lower diversified services supplied and strong collections drove trade receivables attributable to diversified services lower by \$3.4 million. Finally, the decline in intangibles is the result of normal course amortization.

2019-2018

Total assets increased on higher trade and other receivables of \$12.5 million and higher cash and cash equivalents of \$3.6 million. These increases were partially offset by a decline in intangibles of \$9.0 million and a decline in deferred tax assets of \$3.4 million. The increase in trade and other receivables was attributable to an increase in trade receivables across our U.S. operations and reflects a 48.6% and 56.5% increase in U.S. Appraisal and U.S. Title segment revenues from diversified services, respectively, in the fourth quarter of fiscal 2019 versus the same quarter in fiscal 2018. The increase in cash and cash equivalents reflects a strong Adjusted EBITDA^(A) performance in fiscal 2019 and corresponding increase in cash generated from operating activities. Adjusted EBITDA^(A) of \$29.0 million and a net foreign exchange gain of \$3.3 million were the most significant contributors to the \$25.6 million of cash generated from operating activities in fiscal 2019, which were partially offset by a \$4.7 million investment in non-cash working capital and income taxes paid of \$1.8 million. Strong cash from operating activities was partially utilized for investing activities, largely to build out our Rhode Island facility and to separate our diversified operations from our remaining U.S. Title segment operations. In addition, \$19.0 million of cash was utilized for financing activities, of which \$20.2 million was used to purchase our shares under our normal course issuer bid, which was partially offset by proceeds received from the exercise of warrants and stock options. The decline in intangibles was due to normal course amortization recorded in our U.S. segments and the decline in deferred tax assets was due in large part to the utilization of tax loss carryforwards attributable to strong operating results.

Total Long-Term Liabilities

2020-2019

Total long-term liabilities increased on a comparative basis due in large part to a \$6.6 million increase in lease liabilities, partially offset by a \$0.4 million reduction in leasehold inducements, each the result of our adoption of IFRS 16. This increase was partially offset by a \$2.9 million decrease in warrant liabilities due to warrants exercised in fiscal 2020, partially offset by higher recorded warrant liabilities resulting from an increase in our share price year over year.

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

2019-2018

Total long-term liabilities increased on a comparative basis. Warrant liabilities increased \$2.6 million due to the increase in our share price in fiscal 2019, which caused us to recognize an increase in warrant liabilities recorded to the statement of financial position and recognize a corresponding loss on the fair value of warrant liabilities, net of current year warrant exercises.

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

Summary of Quarterly Results

2020	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 70,801	\$ 72,601	\$ 71,320	\$ 67,379	\$ 282,101
U.S. Title	43,935	38,931	30,808	28,723	142,397
Canada	9,695	6,558	7,515	7,679	31,447
Total revenues	\$ 124,431	\$ 118,090	\$ 109,643	\$ 103,781	\$ 455,945
Net income	\$ 12,728	\$ 6,285	\$ 18,652	\$ 5,133	\$ 42,798
Net income - attributable to common shareholders	\$ 12,568	\$ 5,893	\$ 18,519	\$ 5,011	\$ 41,991
Net income per weighted average share, basic	\$ 0.15	\$ 0.07	\$ 0.22	\$ 0.06	\$ 0.50
Net income per weighted average share, diluted	\$ 0.14	\$ 0.07	\$ 0.21	\$ 0.06	\$ 0.47

2019	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 68,914	\$ 61,095	\$ 43,120	\$ 39,588	\$ 212,717
U.S. Title	30,109	22,786	14,789	14,965	82,649
Canada	8,303	7,544	5,344	5,980	27,171
Total revenues	\$ 107,326	\$ 91,425	\$ 63,253	\$ 60,533	\$ 322,537
Net income (loss)	\$ 7,951	\$ 4,434	\$ (6,750)	\$ 4,459	\$ 10,094
Net income (loss) - attributable to common shareholders	\$ 7,779	\$ 3,885	\$ (6,953)	\$ 4,247	\$ 8,958
Net income (loss) per weighted average share, basic	\$ 0.09	\$ 0.05	\$ (0.08)	\$ 0.05	\$ 0.10
Net income (loss) per weighted average share, diluted	\$ 0.09	\$ 0.04	\$ (0.08)	\$ 0.05	\$ 0.10

Revenues

U.S. Appraisal Segment

	Q4	Q3	Q2	Q1	Total
2020	\$ 70,801	\$ 72,601	\$ 71,320	\$ 67,379	\$ 282,101
2019	\$ 68,914	\$ 61,095	\$ 43,120	\$ 39,588	\$ 212,717
Change	\$ 1,887	\$ 11,506	\$ 28,200	\$ 27,791	\$ 69,384

2020-2019

U.S. Appraisal revenues increased in each quarter in fiscal 2020 when compared to the corresponding quarter in fiscal 2019 due to market share gains, most notably with our Tier 1 clients, the addition of new clients and higher market volumes. Revenues in the second quarter of fiscal 2020 also increased due to very strong purchase and refinance volumes received in early March, which was an early indication of a strong pre-spring market prior to the onset of COVID-19, coupled with a lower U.S. 10-year treasury yield. The U.S. 10-year treasury yield remained low in the third and fourth quarters of fiscal 2020, resulting in continued strength for refinance market activity.

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

U.S. Title Segment

		Q4	Q3	Q2	Q1	Total
2020	\$	43,935	\$ 38,931	\$ 30,808	\$ 28,723	\$ 142,397
2019	\$	30,109	\$ 22,786	\$ 14,789	\$ 14,965	\$ 82,649
Change	\$	13,826	\$ 16,145	\$ 16,019	\$ 13,758	\$ 59,748

2020-2019

U.S. Title segment revenues increased in each quarter in fiscal 2020 when compared to the corresponding quarter in fiscal 2019 due to higher market volumes for refinance activity, market share gains and new client additions, partially offset by lower revenues for diversified services in the second half of fiscal 2020. The lower interest rate environment contributed to the increase in market volumes for refinance activity in each quarter in fiscal 2020, and although reported volumes increased, average revenue per transaction declined in the first three quarters of fiscal 2020, but increased in the fourth quarter of fiscal 2020, due to geographic mix. U.S. Title revenues attributable to reported volumes increased, while diversified revenues increased in the first and second quarters of fiscal 2020 due to higher capital markets activity, partially offset by lower commercial and search activity, and declined in the third and fourth quarters of fiscal 2020 due to lower commercial, search and capital markets activity.

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

		Q4	Q3	Q2	Q1	Total
2020	\$	12,944	\$ 9,128	\$ 10,102	\$ 10,137	\$ 42,311
2019	\$	10,981	\$ 10,072	\$ 7,106	\$ 7,902	\$ 36,061
Change	\$	1,963	\$ (944)	\$ 2,996	\$ 2,235	\$ 6,250

2020-2019

Revenues in Canada increased in the first two quarters and the fourth quarter of fiscal 2020 compared to the same quarters in fiscal 2019 due to higher appraisal volumes serviced as a result of market share gains with certain Canadian clients and stronger market volumes. Revenues in Canada declined in the third quarter of fiscal 2020 due to insurance inspection services being temporarily placed on hold by our clients as a result of COVID-19. Canadian revenues from appraisal and insurance inspection services both increased in the first and second quarters of fiscal 2020 versus the same quarters in fiscal 2019. In the third quarter of fiscal 2020, appraisal revenues were flat with the same quarter last year while insurance inspection revenues declined due to COVID-19. In the fourth quarter of fiscal 2020, appraisal revenues increased compared to the fourth quarter of fiscal 2019 due to higher volumes serviced and insurance inspection revenues were lower due to the temporary hold placed on these services as a result of COVID-19.

Net income (loss)

		Q4	Q3	Q2	Q1	Total
2020	\$	12,728	\$ 6,285	\$ 18,652	\$ 5,133	\$ 42,798
2019	\$	7,951	\$ 4,434	\$ (6,750)	\$ 4,459	\$ 10,094
Change	\$	4,777	\$ 1,851	\$ 25,402	\$ 674	\$ 32,704

Net income or loss generally follows the rise and fall in revenues due to the seasonal and cyclical nature of our business. However, net income or loss is also impacted by changes in stock-based compensation expense, amortization, acquisition 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 gains or losses on sale of subsidiaries, which are not tied to the seasonal and cyclical nature of our business and fluctuate with other non-operating variables. Net income tax expense or recovery also impacts net income or loss.

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2020-2019

Net income in the first quarter of fiscal 2020 increased when compared to the first quarter of fiscal 2019 due to higher Adjusted EBITDA^(A) contributions from all three operating segments. Market share gains, new client additions and higher market volumes across each segment contributed to the increase in Adjusted EBITDA^(A). Lower amortization expense also contributed to the increase in net income due to fully amortized intangibles attributable to acquisitions completed in previous years. We also recognized lower integration expenses in the first quarter of fiscal 2020 due to non-recurring costs incurred in the first quarter of fiscal 2019, attributable to the termination of a lease in connection with the integration of certain operations. Higher net foreign currency exchange losses due to changes in the FX rate between the Canadian and U.S. dollar and higher losses on the fair value of warrants due to the increase in our share price, partially offset the improvements to net income outlined above. Finally, we incurred higher income tax expense in the first quarter of fiscal 2020 due to higher income subject to tax which was partially offset by non-deductible capital gains or losses from foreign currency exchange.

Net income in the second quarter of fiscal 2020 increased when compared to the second quarter of fiscal 2019 due to higher Adjusted EBITDA^(A) contributions from all three operating segments. Market share gains, new client additions and higher market volumes across each segment contributed to the increase in Adjusted EBITDA^(A). Lower amortization expense also contributed to the increase due to fully amortized intangibles attributable to acquisitions completed in previous years. Higher net foreign currency exchange gains reflected changes in the FX rate between the Canadian and U.S. dollar and lower losses on the fair value of warrants resulting from changes in our share price also contributed to the improvement to net income. Finally, we incurred higher income tax expense in the second quarter of fiscal 2020 due to higher income subject to tax which was partially offset by non-deductible capital gains or losses from foreign currency exchange.

Net income in the third quarter of fiscal 2020 increased when compared to the third quarter of fiscal 2019 due to higher Adjusted EBITDA^(A) contributions from our U.S. Appraisal and U.S. Title segments. Market share gains, new client additions and higher market volumes contributed to the increase in Adjusted EBITDA^(A). Lower Adjusted EBITDA^(A) from our Canadian segment in the third quarter of fiscal 2020 was due to insurance inspection services being temporarily put on hold by our clients as a result of COVID-19. The improvement to net income in the third quarter of fiscal 2020, was partially offset by higher amortization expense, higher net foreign exchange losses, higher losses on the fair value of warrants and higher income tax expense. Higher amortization expense was attributable to right-of-use assets capitalized in connection with our adoption of IFRS 16, while higher net foreign exchange losses were due to changes in the FX rate between the Canadian and U.S. dollar. Higher losses on the fair value of warrants were due to the increase in our share price and we incurred higher income tax expense in the third quarter of fiscal 2020 due to higher income subject to tax which was partially offset by non-deductible capital gains or losses from foreign currency exchange.

Net income in the fourth quarter of fiscal 2020 increased when compared to the fourth quarter of fiscal 2019 due to higher Adjusted EBITDA^(A) contributions from all three operating segments. Market share gains, new client additions and higher market volumes in Canada and higher market volumes for refinance activity in the U.S. (expressed before waiver and Veterans Affairs volumes), each contributed to the increase in Adjusted EBITDA^(A). The improvement to net income in the fourth quarter of fiscal 2020, was accompanied by lower losses recorded on the fair value of warrants from warrants exercised in fiscal 2020. These contributors to higher comparative net income were partially offset by higher foreign currency exchange losses in the fourth quarter of fiscal 2020 due to changes in the FX rate between the Canadian and U.S. dollar and higher income tax expense due to higher income subject to tax which was partially offset by non-deductible capital gains or losses from foreign currency exchange.

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

2020-2019

The change in net income or loss per weighted average share in each quarter of fiscal 2020 compared to the comparative quarter in fiscal 2019 is detailed above. The comparative change in our diluted weighted average share count was impacted by stock option grants and forfeitures, the exercise of warrants in the first, third and fourth quarters of fiscal 2020, and shares purchased under our normal course issuer bid.

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Financial Condition

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

	As at September 30, 2020			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 29,171	\$ 1,490	\$ -	\$ 30,661
Intangibles	\$ 7,927	\$ -	\$ -	\$ 7,927
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Working capital position				
- (current assets less current liabilities)	\$ 83,664	\$ (903)	\$ 51,467	\$ 134,228

	As at September 30, 2019			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 34,989	\$ 1,598	\$ -	\$ 36,587
Intangibles	\$ 9,654	\$ -	\$ -	\$ 9,654
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Working capital position				
- (current assets less current liabilities)	\$ 47,348	\$ (4,085)	\$ 44,445	\$ 87,708

Trade and other receivables – September 30, 2020 versus September 30, 2019

Change - Consolidated	\$ (5,926)
Change - U.S.	\$ (5,818)
Change - Canada	\$ (108)
Change - Corporate	\$ -

Lower U.S. trade and other receivables reflects stronger collections and lower diversified services supplied in our U.S. Title segment and lower trade receivables due to lower home equity services supplied in our U.S. Appraisal segment. The decline in Canadian trade and other receivables was due to the reduction in insurance inspection services provided as a result of COVID-19.

Intangibles – September 30, 2020 versus September 30, 2019

Change - Consolidated	\$ (1,727)
Change - U.S.	\$ (1,727)
Change - Canada	\$ -
Change - Corporate	\$ -

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

Goodwill – September 30, 2020 versus September 30, 2019

Change - Consolidated	\$ -
Change - U.S.	\$ -
Change - Canada	\$ -
Change - Corporate	\$ -

No change to goodwill between periods.

Working capital position – September 30, 2020 versus September 30, 2019

Change - Consolidated	\$ 46,520
Change - U.S.	\$ 36,316
Change - Canada	\$ 3,182
Change - Corporate	\$ 7,022

Our consolidated working capital position increased on a comparative basis. Total current assets increased \$51.8 million on higher cash and cash equivalents of \$57.5 million, partially offset by lower trade and other receivables of \$5.9 million. The increase in cash and cash equivalents reflects a solid Adjusted EBITDA^(A) performance in fiscal 2020, as detailed in the “Review of Operations – For the

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year ended September 30, 2020” section of this MD&A. The increase in cash and cash equivalents, was partially offset by the use of \$17.0 million to purchase our shares under our NCIB (defined below) and investments of \$1.8 million in property and equipment for the purchase of computer and equipment to support growth in our business and an expanding employee base. The decline in trade and other receivables reflects stronger collections and lower diversified services supplied in our U.S. Title segment and lower trade receivables in our U.S. Appraisal segment due to lower home equity services supplied. The decline in Canadian trade and other receivables was due a reduction in insurance inspection services supplied as a result of COVID-19. Current liabilities increased \$5.3 million on higher accrued charges of \$2.8 million, higher income taxes payable of \$1.1 million and higher lease liabilities of \$1.3 million. Higher accrued charges were due to a higher employee head count and a change in the frequency of payroll payments for our U.S. Appraisal segment employees. In addition, accrued payroll tax amounts payable in respect of stock options exercised also contributed to the increase in accrued charges. Higher income taxes payable reflects the strong operating performance of our U.S. operations and the full use of available loss carryforwards to shelter income subject to tax. The increase in lease liabilities was due to our adoption of IFRS 16.

The working capital position in our U.S. operations increased on a comparative basis. Net current assets increased \$39.3 million on higher cash and cash equivalents of \$45.0 million, partially offset by lower trade and other receivables balances of \$5.8 million. The decline in trade and other receivables reflects stronger collections and lower diversified services supplied in our U.S. Title segment and lower trade receivables in our U.S. Appraisal segment due to lower home equity services supplied. The increase in cash and cash equivalents reflects strong Adjusted EBITDA^(A) in fiscal 2020, partially offset by the movement of cash between the U.S. and Canada. Current liabilities increased \$2.9 million, reflecting higher accrued charges of \$1.8 million, higher income taxes payable of \$1.1 million and higher lease liabilities of \$1.0 million due to our adoption of IFRS 16, which was partially offset by lower trade payables totaling \$0.8 million. Higher accrued charges were due to a higher employee head count and a change in the frequency of payroll payments for our U.S. Appraisal segment employees. Higher income taxes payable reflects the strong operating performance of our U.S. operations and the full use of available loss carryforwards to shelter income subject to tax. The decline in trade payables reflects the timing of payments due to certain vendors in our U.S. Title operations.

The working capital position in our Canadian and Corporate segments increased on a comparative basis. Higher net current assets totaled \$12.5 million, due principally to higher cash and cash equivalents of the same amount. The increase in cash and cash equivalents reflects cash transferred from our U.S. operations net of shares purchased under our NCIB. Current liabilities increased \$2.3 million due to higher trade payables, accrued charges and lease liabilities attributable to our adoption of IFRS 16. Higher trade payables were due to higher amounts payable to appraisers, the result of strong volumes for appraisal services in the final month of fiscal 2020, while the increase in accrued charges reflects payroll tax amounts remittable due to the exercise of stock options in the final month of fiscal 2020.

Disclosure of outstanding share capital

	September 30, 2020	
	Shares	\$
Common shares	85,359	262,653
Preferred shares	-	-
Total contributed equity	85,359	262,653

	November 19, 2020	
	Shares	\$
Common shares	84,871	261,259
Preferred shares	-	-
Total contributed equity	84,871	261,259

Normal course issuer bid (“NCIB”)

Effective June 11, 2019, we received approval to renew our NCIB for a one year period expiring on June 10, 2020. Under this renewed NCIB, we were approved to purchase up to 5 million common shares. Daily purchases made through the Toronto Stock Exchange (“TSX”), or through alternative Canadian trading systems, were limited to a maximum of 27,969 shares.

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Effective June 11, 2020, we received approval to renew our NCIB for a one year period expiring on June 10, 2021. Under this renewed NCIB, we are approved to purchase up to 4 million common shares. Daily purchases made through the TSX, or made through alternative Canadian trading systems, are limited to a maximum of 135,858 shares.

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

For the year ended September 30, 2020, 1.7 million (2019 – 4.6 million) common shares were purchased and cancelled at an aggregate cost of \$17.0 million (2019 - \$20.2 million).

As of November 19, 2020, 0.5 million additional common shares were purchased and cancelled or settled since September 30, 2020.

Warrants

At September 30, 2020, previously issued share purchase warrants (“warrants”) that remain outstanding and exercisable for common shares of the Company totaled 0.2 million (2019 – 0.9 million). All warrants expire on May 11, 2022 and have an exercise price of one dollar and thirty-eight cents Canadian (C\$1.38).

Stock options

At September 30, 2020, stock options issued and outstanding totaled 5.1 million (2019 – 6.1 million) and 3.6 million (2019 – 4.1 million) were exercisable for common shares of the Company.

Liquidity and Capital Resources

Contractual obligations	September 30, 2020				
	Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Leases ⁽¹⁾	\$ 7,086	\$ 1,572	\$ 2,825	\$ 1,603	\$ 1,086
Total contractual obligations	\$ 7,086	\$ 1,572	\$ 2,825	\$ 1,603	\$ 1,086

Note

⁽¹⁾ The adoption of IFRS 16 eliminated the classification of leases by the lessee as operating or finance.

Long-term debt

Summarized details of our long-term debt facilities currently available as of September 30, 2020 are as follows:

	Available lending	Facility drawn	Available capacity ⁽¹⁾
Senior term facilities			
2016 facility	\$ 19,650	\$ -	\$ 19,650
2015 facility	\$ 10,200	\$ -	\$ 10,200
Revolving credit facility - expressed in C\$			
Revolving credit facility	\$ 15,000	\$ -	\$ 15,000

Note

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

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

	September 30	
	2020	2019
Senior funded debt to EBITDA	-	-
Senior funded debt to EBITDA - maximum	2.50	2.50
Fixed charge ratio ⁽¹⁾	n/a	2,325.10
Fixed charge ratio - minimum	1.20	1.20

Note
⁽¹⁾ There are no scheduled principal or interest payments due between September 30, 2020 and April 30, 2021, being the maturity date of the facilities.

Long-term debt facilities

On April 30, 2020, we entered into a financing commitment with the Bank of Montreal and Bank of Montreal, Chicago Branch (the “commitment”) to align the maturity dates to April 30, 2021 for each commitment that was available under the first amendment to a second amended and restated term sheet amplification agreement (the “agreement”) and to make certain additional modifications. Effective April 30, 2020, we have available commitments of C\$15.0 million under a committed revolving credit facility, or its U.S. dollar equivalent, for working capital and general operating purposes and to support acquisition and permitted acquisition activity as defined in the commitment and two term loans for \$10.2 million and \$19.65 million, respectively, or their Canadian dollar equivalents, each available to support our working capital and general operating requirements and to support acquisition and permitted acquisition activity as defined in the commitment, each subject to satisfying certain conditions. Amounts drawn under the committed revolving credit facility and the \$10.2 million term loan bear fees of between 200 and 300 basis points over LIBOR or 75 to 175 basis points over Canadian prime or U.S. base rates of interest, determined based on the senior funded debt to EBITDA ratio as defined in the commitment. Amounts drawn under the \$19.65 million term loan bear fees of between 150 to 250 basis points over LIBOR or 25 to 125 basis points over Canadian prime or U.S. base rates of interest, determined based on the senior funded debt to EBITDA ratio as defined in the commitment. Undrawn amounts under the committed revolving credit facility and the \$10.2 million term loan are subject to a standby fee of 40 basis points regardless of our senior funded debt to EBITDA ratio as defined in the commitment. LIBOR is subject to a floor of 1.0% and the commitment includes a limitation on advances under the facilities for the purpose of funding costs and expenses reasonably anticipated and incurred in the normal course of business. All other terms between the commitment and the agreement remain unchanged.

Repayments on the revolver are interest only until the date of maturity, April 30, 2021. 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 term loans amortize at a rate of 2% quarterly over a one-year period with the remaining unamortized balance due at maturity, being April 30, 2021. 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: (a) 50% of the excess annual cash flow if the senior funded debt to EBITDA ratio is greater than 2.5:1.0; (b) 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 (c) proceeds from insurance claims not otherwise reinvested within 180 days from receipt.

Included in the long-term debt facility is a treasury risk management facility of up to C\$0.5 million to facilitate hedges of foreign currency exchange risk between the Canadian and U.S. dollar occurring in the normal course of business. This facility may be used to facilitate the use of foreign currency exchange contracts for up to one year which bears a per transaction fee determined by the lenders’ treasury department. In addition, the long-term debt facility provides for 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 certain assets, including intellectual property, an unlimited guarantee and postponement of claim by certain wholly owned subsidiaries, and certain other securities.

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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 recorded to the statements of operations and comprehensive income or loss.

We are obligated under the terms of our long-term debt facilities to repay all 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 in advance of the maturity date. 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 at that time.

Cash flows

	Year ended September 30		
	2020	2019	Change
Cash flows generated from (utilized in):			
Operating activities	\$ 74,689	\$ 25,643	\$ 49,046
Investing activities	\$ (1,828)	\$ (1,930)	\$ 102
Financing activities	\$ (15,197)	\$ (18,963)	\$ 3,766

Operating activities

As detailed in the “Review of Operations - For the year ended September 30, 2020” section of this MD&A, Adjusted EBITDA^(A) in fiscal 2020 was \$43.3 million higher than in fiscal 2019 and delivered a corresponding increase to cash generated from operating activities. In addition, we recognized a significant improvement in our investment in non-cash working capital. In fiscal 2020, we had lower trade and other receivables due to a reduction in diversified and home equity services supplied, coupled with stronger collections, and the increase in accrued charges was due to an increase in employee head count to support business growth, the timing of payroll payments paid to our U.S. Appraisal segment employees and higher accruals for payroll tax amounts remittable due to the exercise of stock options occurring in the final month of fiscal 2020. The effect of foreign currency translation adjustment, other non-cash changes and higher income tax payments made, represents the balance of the change between years.

Investing activities

Cash utilized in investing activities declined modestly on a comparative basis reflecting higher investments we made last year to effect the separation of our diversified operations from the balance of our U.S. Title segment operations.

Financing activities

Cash utilized in financing activities decreased on a comparative basis. The purchase of shares under our NCIB decreased \$3.2 million compared to fiscal 2019. Higher dividends paid to non-controlling shareholders was due to our stronger operating performance, but was more than offset by higher proceeds received on the exercise of stock options. Repayments of lease obligations account for the balance of the change, which was directly attributable to our adoption of IFRS 16.

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Foreign Currency Exchange Rates

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

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

	Fiscal 2020					Fiscal 2019		
	Consolidated Balance Sheet		Consolidated Statement of Operations and Comprehensive Income or loss			Consolidated Balance Sheet		Consolidated Statement of Operations and Comprehensive Income or loss
	Current	Average	Cumulative Average		Current	Average	Cumulative Average	
December 31	\$ 0.7699	\$ 0.7576	\$ 0.7576	\$ 0.7576	\$ 0.7330	\$ 0.7568	\$ 0.7568	
March 31	\$ 0.7049	\$ 0.7439	\$ 0.7507	\$ 0.7507	\$ 0.7483	\$ 0.7523	\$ 0.7545	
June 30	\$ 0.7338	\$ 0.7216	\$ 0.7407	\$ 0.7407	\$ 0.7641	\$ 0.7477	\$ 0.7523	
September 30	\$ 0.7497	\$ 0.7510	\$ 0.7432	\$ 0.7432	\$ 0.7551	\$ 0.7572	\$ 0.7535	

FX Impact on Consolidated Results

The following tables have been prepared to assist readers in assessing the FX impact on select operating results for the three months and year ended September 30, 2020.

	Three months ended September 30			
	2019	2020	2020	2020
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
Consolidated Statement of Operations				
Revenues	\$ 107,326	\$ 124,431	\$ (94)	\$ 124,525
Transaction costs	\$ 72,933	\$ 77,439	\$ (80)	\$ 77,519
Operating expenses	\$ 20,599	\$ 25,262	\$ (43)	\$ 25,305
Net income	\$ 7,951	\$ 12,728	\$ 62	\$ 12,666
Net Revenue^(A)	\$ 34,393	\$ 46,992	\$ (14)	\$ 47,006
Adjusted EBITDA^(A)	\$ 14,089	\$ 22,194	\$ 25	\$ 22,169
Adjusted Net Income^(A)	\$ 9,490	\$ 15,633	\$ 31	\$ 15,602

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

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	Year ended September 30			
	2019	2020	2020	2020
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
Consolidated Statement of Operations				
Revenues	\$ 322,537	\$ 455,945	\$ (434)	\$ 456,379
Transaction costs	\$ 220,462	\$ 293,828	\$ (364)	\$ 294,192
Operating expenses	\$ 74,917	\$ 92,294	\$ (267)	\$ 92,561
Net income	\$ 10,094	\$ 42,798	\$ 292	\$ 42,506
Net Revenue^(A)	\$ 102,075	\$ 162,117	\$ (70)	\$ 162,187
Adjusted EBITDA^(A)	\$ 28,977	\$ 72,242	\$ 163	\$ 72,079
Adjusted Net Income^(A)	\$ 20,902	\$ 49,423	\$ 207	\$ 49,216

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, lease terms, estimation of incremental borrowing rates to determine the carrying amount of right-of-use assets and lease liabilities and the likelihood of realizing deferred income tax assets. Our estimates and judgments are based on historical experience, our observation of trends, and information, valuations and other assumptions that we believe are reasonable when making an estimate of an asset or liability’s fair value. Due to the inherent complexity, judgment and uncertainty in estimating fair value, actual amounts could differ significantly from these estimates.

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

Revenue recognition

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

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

Goodwill

Goodwill is not amortized and is tested annually for impairment or more frequently if an event or circumstance occurs that more likely than not reduces the fair value of a cash generating unit (“CGU”), or group of CGUs, below its carrying amount. Examples of such events or circumstances include: a significant adverse change in the technological, market, economic or legal environment in which an entity operates; changes in market interest rates or other market rates of return on investments that are likely to affect the discount rate used in calculating an assets value in use; the carrying amount of an entities’ net assets is more than its market capitalization; evidence of physical damage to the asset or obsolescence is present; significant changes to an asset’s expected use; or, performance expectations for the asset are worse than were expected. Goodwill is not tested for impairment when the assets and liabilities that

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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. To determine fair value, for the purpose of estimating fair value less cost to sell, we apply various trading multiples of comparable public companies and merger and acquisition transactions for like or similar businesses to our last twelve months performance, and expected performance in the subsequent year, for our U.S. Appraisal and U.S. Title segments.

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

Business combinations

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

We make estimates, assumptions and judgments when valuing goodwill and 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 any point in time.

Leases

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

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

Income taxes

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

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

The recognition of deferred tax assets attributable to unutilized loss carryforwards is supported by our historical and expected future ability to generate income subject to tax and our ability to implement tax planning measures along with other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets attributable to unutilized loss carryforwards may not be available to us prior to their expiry in Canada. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards in Canada prior to their expiry. 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, \$0.8 million at September 30, 2020. Accordingly, due to our historical ability to generate income subject to tax, our expectations to generate income subject to the tax in the future and available tax planning measures, we view the risk of not realizing these deferred tax assets as low.

Other

Other estimates include, but are not limited to, the following: identification of CGUs, impairment assessments for non-financial assets, inputs to the Black-Scholes-Merton option pricing model used to value stock-based compensation, estimates of property and equipment's useful life, assessing provisions, estimating the likelihood of collection to determine our allowance for doubtful accounts, the fair value of 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

Leases

In January 2016, the IASB issued IFRS 16, which replaced IAS 17 – "Leases" ("IAS 17") and any related interpretations. IFRS 16 provides a single lessee accounting model, which requires 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 carried forward the lessor accounting in IAS 17, with the distinction between operating and finance leases retained.

On October 1, 2019, we adopted IFRS 16 applying the modified retrospective approach. This approach did not require adjustment to the financial information presented on a comparative basis, including the related disclosures. The cumulative impact of applying the new standard was recognized to accumulated deficit.

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As permitted by IFRS 16, we elected to use the following transition options and practical expedients on adoption:

- grandfather the definition of leases for existing contracts at the date of initial application;
- exclude certain short-term leases and leases of low value items;
- exclude leases for which the lease term ends within 12 months from the date of initial application;
- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- assess whether leases are onerous instead of performing an impairment review on its right-of-use assets as at October 1, 2019;
- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application; and
- use hindsight to determine the lease term of contracts containing options to extend or terminate the lease on the date of initial application.

On adoption of IFRS 16, we recognized a right-of-use asset and a lease liability for leases previously classified as operating leases where we were the lessee. Assets and obligations related to finance leases on the date of initial application remain unchanged. Right-of-use assets were measured at an amount equal to the lease liability and lease liabilities were measured at the present value of the remaining lease payments applying a discount rate equal to our incremental borrowing rate at October 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities recognized in the consolidated statements of financial position was 3.68 percent.

The following table summarizes the adjustments to certain amounts previously reported under IAS 17 as at September 30, 2019 resulting from the initial application of IFRS 16:

	As previously reported under IAS 17, September 30, 2019	IFRS 16 transition adjustments	Balance at October 1, 2019
ASSETS			
PROPERTY AND EQUIPMENT	\$ 3,632	\$ 8,632	\$ 12,264
DEFERRED TAX ASSETS	\$ 19,413	\$ 81	\$ 19,494
LIABILITIES			
CURRENT			
Lease liabilities	\$ 10	\$ 1,309	\$ 1,319
NON-CURRENT			
LEASEHOLD INDUCEMENTS	\$ 439	\$ (439)	-
LEASE LIABILITIES	\$ -	\$ 7,762	\$ 7,762
EQUITY			
Accumulated deficit	\$ (81,346)	\$ 81	\$ (81,265)

The following table reconciles operating lease commitments as at September 30, 2019 to the opening balance of lease liabilities as at October 1, 2019:

Operating lease commitments as at September 30, 2019	\$ 8,617
Add: finance lease liabilities recognized as at September 30, 2019	10
Add: adjustments for the treatment of extension options	1,420
Less: effect of discounting using the lessee's incremental borrowing rate	(907)
Less: short-term, low value leases and others	(59)
Lease liabilities recognized as at October 1, 2019	\$ 9,081

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 – “Income Taxes” when there is uncertainty over the treatment of income tax. 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

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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 the restatement of comparative information. Earlier application was permitted. The adoption of the interpretation had no impact on our financial statements.

Business Combinations

In October 2018, the IASB issued “Definition of a Business (Amendments to IFRS 3)” to address the difficulties that arise when an entity determines whether it has acquired a business or group of assets. The amendment clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to create outputs. The definition of a business and outputs have been narrowed by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs. The amendments are effective for annual periods beginning on or after January 1, 2020 and earlier application is permitted. The adoption of the amendment will be applicable for us in determining whether acquisitions on or after October 1, 2020 qualify as a business.

Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued “Definition of Material (Amendments to IAS 1 and IAS 8)” to clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and earlier application is permitted. We will apply the new definition of material effective October 1, 2020 and adopting this amendment is not expected to have a significant impact on our financial statements.

Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued “Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)” providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Only rights to defer settlement by at least twelve months that are in place at the end of the reporting period should affect the classification of a liability. Classification is unaffected by an entities’ expectation to exercise its right to defer settlement of a liability. The amendments, to be applied retrospectively, are effective for annual reporting periods beginning on or after January 1, 2023. We will apply the amendment to the classification of liabilities effective October 1, 2023, and adopting this amendment is not expected to have a significant impact on our financial statements.

Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – “Property, Plant and Equipment – Proceeds before Intended Use” (“IAS 16”), IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract” (“IAS 37”), IFRS 3 – “Reference to the Conceptual Framework” (“IFRS 3”), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarifies the meaning of “costs to fulfil a contract” which could result in the recognition of more onerous contract provisions. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting to determine what constitutes an asset or a liability in a business combination. Without this new update, an entity may have recognized some liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable.

These amendments are effective January 1, 2022 and earlier application is permitted. We will apply the amendments effective October 1, 2022, and adopting these amendments is not expected to have a significant impact on our financial statements.

Financial Instruments

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Our exposure to credit risk is limited principally to cash and cash equivalents 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.

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Cash and cash equivalents

Certain management are responsible for determining which financial institutions we bank and hold deposits with. We typically select financial institutions that we have a relationship with and those deemed by us to be of sufficient size, liquidity and stability. We review our exposure to credit risk from time-to-time or as conditions indicate that our exposure to credit risk has or is subject to change. Our maximum exposure to credit risk is equal to the fair value of cash and cash equivalents recorded to our consolidated statements of financial position as at September 30, 2020, \$129.2 million (September 30, 2019 - \$71.7 million). We hold no collateral or other credit enhancements as security over our cash or cash equivalent balances and we deem the credit quality of our cash and cash equivalent balances to be high and no amounts are impaired.

Trade and other receivables

In the normal course of business, our trade and other receivables balance is subject to credit risk. Our maximum exposure to credit risk is the fair value of trade and other receivables recorded on our consolidated statements of financial position as at September 30, 2020, \$30.7 million (September 30, 2019 - \$36.6 million). We regularly perform credit checks or may accept payment or security in advance to limit our exposure to credit risk. Our client base is sufficiently diverse, consisting of banks and mortgage lending institutions that are generally of sufficient size and capitalization, to mitigate a portion of any credit risk exposure we may be subject to. We have also assigned various employees to carry out collection efforts in a manner consistent with our trade receivable and credit and collections policies. These policies establish procedures to manage, monitor, control, investigate, record and improve trade receivable credit and collection. We also have policies and procedures which establish estimates for doubtful account allowances. These calculations are based on an expected credit loss (“ECL”) model which considers expected losses that result from all possible default events over the expected life of our trade and other receivable balances and include factors such as past events, current conditions and forecasts of future economic conditions. We conduct specific account balance reviews, where practical, and consideration is given to the credit quality of the client, payment history and other factors specific to the client, including bankruptcy or insolvency.

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

Trade and other receivables are generally due within 15 to 45 days from the invoice date. Accordingly, all amounts outstanding beyond these periods are past due. Based on historical collections, we have been successful in collecting amounts that have not been outstanding for greater than 90 days. We assess the credit quality of trade and other receivables that are neither past due nor impaired as high. Our maximum exposure to credit risk is equivalent to our net carrying amount. Trade and other receivables considered impaired at September 30, 2020 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. We regularly monitor the financial terms and conditions outlined in our lending facilities and report on our compliance quarterly to the audit committee and our 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 are not party to any FX agreements. Accordingly, we are exposed to currency risk on U.S. dollars charged to our U.S. operations in the form of management fees, royalties and interest on long-term financings. To mitigate this risk, management uses discretion, and actively reviews its exposure to and requirement for FX agreements.

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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. Our long-term credit 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 investments we make in cash equivalent, short-term investments.

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

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

Financial Information Controls and Procedures

Disclosure controls and procedures

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

As at September 30, 2020, 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, 2020.

Internal control over financial reporting

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

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at September 30, 2020, 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, 2020.

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There have been no changes during the year ended September 30, 2020 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Impact of COVID-19

Operations

To date, our operations have not experienced any significant adverse impacts as a result of COVID-19. In fact, with interest rates at historical lows, homeowner demand to refinance their mortgages in the U.S. is high as the majority of U.S. homeowners stand to benefit from a 50 to 75 basis point reduction in interest rates compared to the rate borne on their current mortgage. Most recently, the volume of activity in the U.S. mortgage origination market has shifted to predominantly refinance activity, whereas one year ago, purchase transactions represented the bulk of mortgage activity when refinance transactions were at nearly multi-decade lows. We've also seen a shift away from home equity and default services since the onset of COVID-19. And while it is difficult to accurately predict how the market will perform during the ongoing COVID-19 pandemic, our expectation is that there will be continued strength for refinance mortgage origination activity in both the near term and for a number of years thereafter. We further believe that home equity and default activity will remain low in the near term and that purchase market activity will rebound to more normalized levels post COVID-19, which will benefit our U.S. Appraisal segment since it services both purchase and refinance mortgage origination transactions. Notwithstanding, we are closely monitoring U.S. mortgage lenders near-term capacity to underwrite mortgages, and we believe that over the medium to longer-term mortgage lenders in the U.S. have the room to lower their spreads to sustain refinance mortgage origination activity for a prolonged period of time, which benefits both our U.S. Appraisal and U.S. Title segments.

The strength and depth of our networks of appraisers, abstractors, notaries, closing agents and inspectors has allowed us to find a qualified field professional for the vast majority of transactions we have received from our clients. COVID-19 has temporarily placed into focus the need to take additional precautions to allow appraisals and closings to continue without interruption. In March 2020, the Federal Housing Financing Agency ("FHFA") directed the GSEs to relax certain property appraisal and income verification standards in light of COVID-19 and to allow licensed appraisers to complete either a drive-by or desktop appraisal in certain circumstances when an interior inspection was not feasible. These temporary measures were put in place to ensure that the mortgage process was unencumbered. As a result of these changes, we engaged in active discussions with our clients to ensure that we can meet their changing needs, uninterrupted. To date we have not experienced a significant change in the Net Revenue^(A) we earn on each transaction and the majority of our orders continue to be full interior appraisals, which is consistent with the services we provided prior to the COVID-19 pandemic.

In our U.S. Title segment, our services include searching the title and recording the mortgage at the county courthouse. Closures of some county courthouses throughout the U.S. due to COVID-19 created some challenge to search the title and complete recordings in those counties. The closure of county courthouses has been limited and has not had a significant impact on our ability to search and record mortgages for the vast majority of the orders we have received. In the event we cannot search the title due to an office closure, we cannot complete the transaction for our client and we are making them aware of this upfront. Accordingly, these files are being temporarily held until the county courthouse reopens. With respect to recordings, our underwriters have acknowledged that gap insurance will cover the risk of any intervening liens that may arise between the time of closing and the time the closing documents are ultimately recorded once the county courthouses re-open. Accordingly, this measure has allowed us to continue providing title and closing services to our clients.

In our Canadian operating segment, our insurance inspection clients placed these services on hold at the end of our fiscal second quarter, throughout our fiscal third quarter and for a portion of our fiscal fourth quarter, as a result of COVID-19. Certain employees dedicated to the supply of insurance inspection services in Canada were trained to provide certain permitted services to clients in our U.S. Title operations.

In the near term, we do not anticipate that COVID-19 will have a significant impact on our operating costs in our corporate segment.

Supply of services

The health and safety of our employees, clients, field professionals and the communities we service remains a top priority. To that end, we have integrated social distancing into our daily routines in recognition of the significant impact COVID-19 has had on our clients and the field professionals on our network. Despite these challenging times, the field professionals on our networks continue to deliver their unwavering support as an essential service provider, and consistently go above and beyond for our clients. With their continued commitment, tens of thousands of homeowners have moved into their new homes, accessed equity in their existing homes or lowered their monthly mortgage payments at a time when they likely need it the most.

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Although some homeowners and field professionals have not been comfortable proceeding with an in-person appraisal inspection or mortgage closing, the vast majority of transactions are still being completed, using social distancing techniques to prevent or eliminate physical contact. To date, we have not seen any material change in our appraiser or closing agent capacity.

Since the announcement by the GSEs to allow both drive-by and desktop appraisals in certain circumstances, we have worked closely with our clients to operationalize a solution. To this end, we fully deployed appraisal products that do not require in-person interaction for our clients who chose to adopt these temporary measures for some of their files. And we continue to support our closing agents by being strong advocates of safe space closing principles founded in the minimum guidelines provided by the National Notary Association. We are proactively engaging with our notary and closing agent network to deliver a “Safe Space Closing” on every transaction to protect the safety of our network and our clients’ customers.

While the manner in which our field professionals undertake the delivery of service for our clients may change as a result of COVID-19, we do not believe that there will be a significant change to the essential services we provide for our clients.

Employees

We have mandated, where possible, that our employees work from home. Currently, we have over 90% of our employees working remotely, and only those that are in facility-dependent roles, where their work cannot be completed from home, remain in our offices. To date, our remote operations have not adversely impacted our ability to provide services to our clients nor have we experienced any significant change in our employee’s ability to access our systems. In addition, we have succession and continuity plans in place for certain key employees which were reviewed and updated, where appropriate, during the third quarter of fiscal 2020.

Supply chain

We proactively identified the additional redundancy required in our supply chain and we have actively added vendors to bolster redundancy where needed. To date, our supply chain has not had a material adverse impact on our operations and the delivery of our services. Like many businesses, early on we experienced limited reductions in productivity across our supply chain, but nothing that had a significant adverse impact on the delivery of our services.

Financial condition

Our Company is built for the long-run, which includes maintaining a strong balance sheet to weather the cyclical and seasonal nature of the industry we operate in, and to weather financial shocks and crises like the one COVID-19 is having on the world and the world economy. On September 30, 2020, we had \$129.2 million of cash and cash equivalents on our balance sheet and have access to an additional \$40.0 million through credit facilities available to us, subject to satisfying certain conditions. We provide services to the financial services sector, which was deemed by the U.S. Department of Homeland Security (Cybersecurity and Infrastructure Security Agency), as well as state and provincial governmental orders, to be an essential service. As such, to date COVID-19 has not had a significant adverse impact on our financial condition. However, we continue to monitor our cash positions daily, including cash inflows and outflows and make adjustments as and where necessary to manage our cash resources.

Our current assets are principally comprised of cash and cash equivalents and trade and other receivables. Our primary risk attributable to current assets is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. As a result, we undertook a fulsome review of amounts due to us from our creditors, which includes, amongst other things, consideration of factors that include past events, current conditions and forecasts of future economic conditions. As a result of this review and our continuing review, we continue to conclude that no material change to our accounting provisions for doubtful accounts are warranted. However, and while the strength of our business has remained strong since the onset of the COVID-19 outbreak, a sustained economic downturn could result in significant financial hardship for a handful of clients we service – especially those with significant servicing portfolios - many of whom are privately organized entities along with certain clients we supply diversified title services to. Accordingly, we continue to remain vigilant in our collection efforts, monitoring for signs of financial or business weakness, and continue to have regular touch points with our clients in support of our assessment.

Our long-term assets are principally comprised of intangibles, goodwill, property and equipment and deferred tax assets. In accordance with IFRS, we are required to assess the carrying value of property and equipment and intangibles at each reporting period to determine if indicators of impairment are present. Based on our current business expectations and ability to continue generating future cash flows, after applying a variety of assumptions to assess these cash flows, we do not anticipate a significant decline in these cash flows which would result in the carrying amount of any asset or cash generating unit exceeding its recoverable amount.

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Our annual goodwill test of impairment was completed on June 30, 2020. For the reasons outlined above, including the resilience of our business to date and our share price and market capitalization since the onset of COVID-19, we concluded that there is no impairment of goodwill.

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 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 can only be recovered when the probability of future taxable income improves. Based on the performance of our business to date, the utilization of our loss carryforwards available in our U.S. operating subsidiaries and our expectations of future taxable income, we continue to believe that it is probable that we can realize the benefits attributable to deferred income assets recorded on our balance sheet, and therefore no reduction to deferred income tax assets is warranted at this time.

The strength of our balance sheet allows us to be opportunistic with regards to the purchase of our shares under the NCIB. We believe that we can continue to maintain a strong balance sheet and coupled with our belief that purchase volumes will rebound and demand for refinance activity will continue to be strong for a prolonged period of time, we see continued strength in our financial condition in the near and longer-term time horizons.

Capital and financial resources

We have no amounts drawn under the credit facilities available to us today, and at September 30, 2020 our senior funded debt to EBITDA ratio was 0.00 times. Accordingly, we have no immediate concerns regarding our ability to service our financial obligations, including obligations under lease commitments for office space. To date, COVID-19 has not had any significant impact on our overall liquidity position and because we provide services to the majority of the largest mortgage lenders in the U.S. and Canada, we have not seen any significant changes in their ability to make payments to us. However, we continue to be vigilant in our collection efforts and have regular touch points with the clients we service, paying particular attention to our clients who account for a larger proportion of our revenues and the few non-bank clients we provide service to that have significant servicing portfolios.

In connection with the extension of the maturity dates for our existing credit facilities, we will incur an additional 50 basis points of interest expense on amounts drawn on certain of these facilities when compared to the interest rate spread prior to the extension (please refer to the “Liquidity and Capital Resources” section of this MD&A for additional details). While we do not currently anticipate the need to draw on our available credit facilities, we believe that having these facilities available to us to support working capital, general corporate needs and acquisitions is prudent.

Internal controls

Our operations have remained largely unchanged as a result of COVID-19, even with the vast majority of our employees working from home. Our financial reporting systems, internal control over financial reporting and disclosure controls and procedures remain largely unchanged as well. Accordingly, we have not experienced a significant change in our control environment that would have a material impact on our internal controls over financial reporting.

Business continuity plans

Our business continuity plans were rolled out without significant issue and the vast majority of our employees have been mobilized to work-at-home environments. In the second quarter of fiscal 2020, we made additional capital investments in certain computer and related equipment, most notably for employees servicing our U.S. Title operations, to ensure that as many of our employees as possible were able to work from home. We do not anticipate any further capital investments to be significant in this regard, and we view the capital outlay as an acceleration of our business continuity plans to allow our employees to transition to a work-at-home environment. We have not experienced any material resource constraints in connection with the implementation of these plans.

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Cautionary Note Regarding Forward-Looking Information

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

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

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

- our business prospects, goals and long-term strategy targets;
- the impact of COVID-19 on our operations, supply of services, employees, supply chain, financial condition, capital and financial resources, internal controls and business continuity plans;
- our expectations regarding certain of our future results and information, including, among others, Net Revenue^(A) and Adjusted EBITDA^(A) margins for each our segments, market share targets for our U.S. Appraisal and U.S. Title segments, year-over-year cost escalations for our corporate segment and the total addressable market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions, including the near-term market activity for purchase, refinance and home equity and default transactions;
- the scalability of the platform;
- the regulatory environment in which we operate;
- our competitive position relative to our competitors;
- anticipated industry and market trends, including the seasonality of our business; and
- our 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 “Overview” section of this MD&A for additional information regarding our strategies, assumptions and market outlook in relation to these assessments.

The forward-looking information in this MD&A is subject to risk, uncertainty and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to, the following, each of which are discussed in further detail in the “Risk Factors” section of our Annual Information Form for the year ended September 30, 2019, which is filed on SEDAR at www.sedar.com:

Strategic Risks

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

Real Matters Inc. – MD&A for the years ended September 30, 2020 and 2019

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

Operational Risks

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

Legal and Compliance Risks

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

Financial and Reporting Risks

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

COVID-19 – impact on risk factors

The COVID-19 pandemic has introduced additional uncertainty and risk, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in economic conditions resulting in fluctuations in demand for our services

The COVID-19 pandemic has increased the uncertainty surrounding interest rates, refinance rates, the capacity of lenders to underwrite mortgages, 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, each of which could have a significant impact on our operating performance. We generate revenues on a per transaction basis and do not have minimum volume guarantees with our clients. Accordingly, uncertain economic conditions and a lack of housing market strength and/or stability caused by the COVID-19 pandemic could reduce demand for our services, which could have a material adverse effect on our business, financial condition and results of operations.

Failing to adequately protect our technology Infrastructure

We depend on third-party service providers to provide continuous and uninterrupted access to certain elements of our platform. If the supply reliability or security of these services were impacted by the COVID-19 pandemic, it could significantly restrict or otherwise prevent us from carrying out some or all of our business operations, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, an extended period of our employees working in an at home environment could strain our technology resources and introduce operational risks, including heightened cybersecurity risk. Work from home environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic.

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

Regulatory risks applicable to us

We operate in a highly regulated industry, and compliance with laws and regulations are onerous and expensive. In addition, due to the impact of the COVID-19 pandemic, laws and regulations impacting the residential mortgage market, including the compliance and regulatory landscape, have rapidly evolved in an attempt to stop the spread of the COVID-19 pandemic, protect public safety and support the financial needs of affected individuals. New laws and regulations and/or changes to existing laws and regulations brought about by the COVID-19 pandemic could require significant changes to our business model and/or service offerings. If: (i) we are unable to quickly adapt our business model and/or service offerings to comply with any significant changes to the legal and/or regulatory landscape in a cost-efficient manner; (ii) we fail to comply with these rapidly evolving changes; or (iii) we are unable to carry on all or a portion of our business due to, amongst other things, the closure of county courthouses, it could have a material adverse effect on our business, financial condition and results of operations.

Additionally, it is possible that regulatory oversight of the residential mortgage market may, in the future, be scaled back, due to the impact of the COVID-19 pandemic. Any reduction in existing laws and regulations may affect the barriers to entry that the current regulatory environment creates, which could have a material adverse effect on our business, financial condition and results of operations.

Risks associated with targeting large mortgage lenders, including longer sales cycles

We may experience longer sales cycles as a result of the COVID-19 pandemic, due to a number of factors, including but not limited to, our salespersons being prohibited from travel, or mortgage lenders choosing to delay engagement with us in light of more pressing operational demands. If such sales cycles take longer than anticipated, are delayed or are terminated for reasons beyond our control, it could have a material adverse effect on our business, financial condition and results of operations.

Maintaining our competitive position in a competitive business environment

Maintaining demand for our services, in the near-term, in response to COVID-19 may require us to, among other things: (i) successfully develop and bring to market enhancements to existing services; (ii) develop new services and technologies that address the needs of our existing and prospective clients; and (iii) respond to changes in industry standards and practices, in each case, in a cost-effective manner and on a timely basis. Failing to maintain demand for our services could have a material adverse effect on our business, financial condition and results of operations.

Growth placing significant demands on our management and infrastructure

Growth has placed, and will continue to place, significant demands on our management and our operational, technical and financial infrastructure, including the recent growth in refinance market volumes stemming from lower interest rates attributable to the economic uncertainty caused by the COVID-19 pandemic. Severe or excessive growth in market volumes could strain our ability to: (i) maintain reliable, high-quality service levels for our clients; (ii) develop and improve our operational, financial, technical and management controls; (iii) enhance our reporting systems and procedures; and (iv) recruit, train and retain highly-skilled personnel, any of which could have a material adverse effect on our business, financial condition and results of operations.

Qualified individuals in our industry are currently in high demand and there is no guarantee that we will be able to retain our key personnel or that we will be able to attract and retain new highly skilled individuals without incurring a significant increase in compensation costs to do so. The loss of key employees or our inability to attract and retain new highly skilled personnel could have a material adverse effect on our business, financial condition and results of operations.

Failing to maintain field professional engagement

We rely on our network of independent field professionals to provide service to our clients. If an increasing number of field professionals are uncomfortable proceeding with interior appraisal inspections or in person mortgage closings due to the COVID-19 pandemic or enhanced government regulation limits the ability of individuals on our field professional network to provide services in certain locations (e.g. by imposing local travel restrictions, etc.), it could constrain our ability to maintain a sufficient number of field professionals in certain geographies and/or increase our transaction costs. Accordingly, we may be unable to meet our service obligations to our clients or need to incur increased transaction costs to do so, either of which could have a material adverse effect on our business, financial condition and results of operations.

Risks associated with legal and regulatory proceedings and claims

We maintain various insurance policies to support our business and our business activities. COVID-19 may put pressure on our ability to obtain adequate insurance coverage, either on acceptable terms, including but not limited to, reasonable deductibles and

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

premiums, or at all. Accordingly, not obtaining adequate insurance coverage on acceptable terms or at all could have a material adverse effect on our business, financial condition and results of operations.

Potential losses arising from field professional work product liability

We manage a network of independent field professionals who produce a work product that our clients and underwriters rely on to make lending/underwriting decisions. The COVID-19 pandemic has resulted in a number of significant changes to industry standards and processes, including the methods for performing various services. These changes, however, also create additional risks as certain traditional standards and processes are relaxed in an attempt to stop the spread of the COVID-19 pandemic and protect public safety. Should our field professionals produce a work product that is defective and results in a client and/or the underwriter incurring a financial loss, such parties may seek indemnification. If we are required to indemnify one or more clients and/or underwriters for work product liability and we are unable to obtain recourse from our field professionals or their errors and omissions insurance providers for the full amount of the loss incurred, it could have a material adverse effect on our business, financial condition and results of operations.

Failing to maintain effective internal controls, including the inherent limitations in all control systems

Controls may be circumvented as a result of our employees being placed in work-at-home environments, or for other reasons either directly or indirectly attributable to the COVID-19 pandemic. The design of any system of controls is based, in part, on certain assumptions about the likelihood of future events, and there can be no assurance that any design procedures will succeed in achieving its stated goals under all potential conditions. If we fail to maintain effective internal controls, it could have a material adverse impact on our business, financial condition and results of operations.

Inaccurate accounting estimates and judgments

The impact of the COVID-19 pandemic has created significant global economic uncertainty and could require us to reassess certain assumptions and judgments related to, amongst other things, our forecast of future operating performance, the ability to sustain our operations and to assess the recoverability of our assets recorded in our statement of financial position. If the underlying estimates are ultimately proven to be incorrect, subsequent adjustments could have an adverse effect on our operating results and could require us to restate our historical financial statements.

Ineffectiveness of our financial and operational risk management efforts

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, exchange rate risk and other market-related risk, as well as operational risks related to our business, assets and liabilities, including those brought about by the COVID-19 pandemic, which could have a material adverse effect on our business, financial condition and results of operations.

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, including in the “Risk Factors” section of the Annual Information Form of the Company for the year ended September 30, 2019. Other risks and uncertainties not presently known by us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking information. Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this MD&A. Except as required by law, we do not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Glossary

Tier 1 means the top five U.S. banks by asset size as at June 30, 2020, as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2020).

Tier 2 means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2020), excluding Tier 1 mortgage lenders.

Tier 3 means the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2020), 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 and the Board of Directors of Real Matters Inc.

Opinion

We have audited the consolidated financial statements of Real Matters Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of operations and comprehensive income, cash flows and equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Craig Irwin.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

November 19, 2020

Real Matters Inc.

Consolidated Statements of Financial Position

September 30, 2020 and 2019 (stated in thousands of United States ("U.S.") dollars)

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 129,156	\$ 71,680
Trade and other receivables (Note 19)	30,661	36,587
Prepaid expenses	1,791	1,530
	161,608	109,797
NON-CURRENT		
INTANGIBLES (Note 4)	7,927	9,654
GOODWILL (Note 5)	60,477	60,477
PROPERTY AND EQUIPMENT (Note 6)	11,352	3,632
OTHER ASSETS	34	110
DEFERRED TAX ASSETS (Note 20)	8,326	19,413
	88,116	93,286
TOTAL ASSETS	\$ 249,724	\$ 203,083
LIABILITIES		
CURRENT		
Trade payables	\$ 19,477	\$ 19,334
Accrued charges	5,216	2,420
Income taxes payable	1,384	325
Lease liabilities (Note 3 and 7)	1,303	10
	27,380	22,089
NON-CURRENT		
LEASEHOLD INDUCEMENTS (Note 3)	-	439
WARRANT LIABILITIES (Note 9)	3,527	6,394
LEASE LIABILITIES (Note 3 and 7)	6,601	-
	10,128	6,833
TOTAL LIABILITIES	37,508	28,922
COMMITMENTS AND CONTINGENCIES (Note 18)		
EQUITY		
NON-CONTROLLING INTERESTS	3,214	3,978
SHAREHOLDERS' EQUITY (Note 10)		
Common shares	262,653	253,842
Contributed surplus	7,712	6,393
Accumulated deficit	(51,536)	(81,346)
Accumulated other comprehensive loss	(9,827)	(8,706)
	209,002	170,183
TOTAL EQUITY	212,216	174,161
TOTAL LIABILITIES AND EQUITY	\$ 249,724	\$ 203,083

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 Income

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars except outstanding share and net income or loss per share amounts)

	2020	2019
REVENUES (Note 22)	\$ 455,945	\$ 322,537
TRANSACTION COSTS	293,828	220,462
OPERATING EXPENSES (Note 12)	92,294	74,917
AMORTIZATION	4,453	10,172
ACQUISITION COSTS	-	267
INTEGRATION EXPENSES	-	685
IMPAIRMENT OF ASSETS (Note 13)	-	361
INTEREST EXPENSE (Note 8)	493	190
INTEREST INCOME	(611)	(986)
NET FOREIGN EXCHANGE GAIN	(1,077)	(3,327)
LOSS ON FAIR VALUE OF WARRANTS (Note 9 and 15)	5,101	5,617
GAIN ON SALE OF SUBSIDIARY	-	(125)
INCOME BEFORE INCOME TAX EXPENSE	61,464	14,304
INCOME TAX EXPENSE (Note 20)		
Current	7,528	971
Deferred	11,138	3,239
TOTAL INCOME TAX EXPENSE	18,666	4,210
NET INCOME	42,798	10,094
OTHER COMPREHENSIVE LOSS		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	(1,121)	(3,699)
COMPREHENSIVE INCOME	\$ 41,677	\$ 6,395
NET INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 41,991	\$ 8,958
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 807	\$ 1,136
COMPREHENSIVE INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 40,870	\$ 5,259
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 807	\$ 1,136
Net income per weighted average share, basic (Note 11)	\$ 0.50	\$ 0.10
Net income per weighted average share, diluted (Note 11)	\$ 0.47	\$ 0.10
Weighted average number of shares outstanding (thousands), basic (Note 11)	84,636	86,366
Weighted average number of shares outstanding (thousands), diluted (Note 11)	88,456	90,067

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, 2020 and 2019 (stated in thousands of U.S. dollars)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING		
OPERATING		
Net income	\$ 42,798	\$ 10,094
Items not affecting cash		
Stock-based compensation (Note 16)	2,419	1,819
Amortization of intangibles (Note 4)	1,727	8,981
Amortization of property and equipment (Note 6)	2,726	1,191
Impairment of assets	-	361
Leasehold inducements	-	(59)
Interest expense	493	190
Loss on fair value of warrants (Note 9 and 15)	5,101	5,617
Income tax expense	18,666	4,210
Gain on sale of subsidiary	-	(125)
Unrealized foreign exchange gain on internal financing arrangements	(731)	(2,608)
Changes in non-cash working capital items (Note 14)	8,364	(2,127)
Interest paid	(407)	(95)
Income taxes paid	(6,467)	(1,806)
Cash generated from operating activities	74,689	25,643
INVESTING		
Proceeds from sale of subsidiary	-	125
Purchase of subsidiary shares from non-controlling interests	-	(40)
Partial disposal of a subsidiary to non-controlling interests	-	50
Purchase of property and equipment (Note 6)	(1,828)	(2,065)
Cash utilized in investing activities	(1,828)	(1,930)
FINANCING		
Proceeds from lease liabilities (Note 15)	189	-
Repayment of lease liabilities (Note 15)	(1,356)	(172)
Deferred financing costs	(10)	-
Proceeds from the exercise of warrants	-	240
Proceeds from the exercise of stock options, net of issue costs	4,512	1,645
Purchase of common shares and related costs (Note 10)	(16,961)	(20,205)
Dividends paid to non-controlling interests	(1,571)	(471)
Cash utilized in financing activities	(15,197)	(18,963)
Effect of foreign currency translation on cash and cash equivalents	(188)	(1,115)
NET CASH INFLOW	57,476	3,635
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,680	68,045
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 129,156	\$ 71,680
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash and cash equivalents are comprised of:		
Cash	\$ 76,709	\$ 32,053
Cash equivalents	52,447	39,627
	\$ 129,156	\$ 71,680

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, 2020 and 2019 (stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2019	\$ 3,978	\$ 253,842	\$ 6,393	\$ (81,346)	\$ (8,706)	\$ 174,161
Change in accounting policy (Note 3)				81		81
Net income	807			41,991		42,798
Dividends paid to non-controlling interests	(1,571)					(1,571)
Common shares issued on exercise of stock options (Note 10)		5,612	(1,100)			4,512
Common shares issued on exercise of warrants (Note 9)		7,898				7,898
Stock-based compensation (Note 16)			2,419			2,419
Purchase of common shares and related costs (Note 10)		(4,699)		(12,262)		(16,961)
Foreign currency translation adjustment					(1,121)	(1,121)
Balance at September 30, 2020	\$ 3,214	\$ 262,653	\$ 7,712	\$ (51,536)	\$ (9,827)	\$ 212,216
Balance at September 30, 2018	\$ 3,944	\$ 261,553	\$ 4,339	\$ (83,043)	\$ (5,007)	\$ 181,786
Net income	1,136			8,958		10,094
Dividends paid to non-controlling interests	(471)					(471)
Common shares issued on exercise of stock options (Note 10)		2,051	(406)			1,645
Common shares issued on exercise of warrants (Note 9)		3,182				3,182
Stock-based compensation (Note 16)			1,819			1,819
Purchase of common shares and related costs (Note 10)		(12,944)		(7,261)		(20,205)
Purchase of subsidiary shares from non-controlling interests	(613)		573			(40)
Partial disposal of a subsidiary to non-controlling interests	(18)		68			50
Foreign currency translation adjustment					(3,699)	(3,699)
Balance at September 30, 2019	\$ 3,978	\$ 253,842	\$ 6,393	\$ (81,346)	\$ (8,706)	\$ 174,161

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, 2020 and 2019 (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 services through its Solidifi brand to the mortgage lending industry in the U.S. and Canada, title and closing services through its Solidifi brand to the mortgage lending industry in the U.S. and insurance inspection services through its iv3 brand to the insurance industry in 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 19, 2020.

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 and changes in ownership interests, if any. 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 the date 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.

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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. 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 foreign currency fluctuations have on 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 Company's 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 with a foreign operation, for which settlement is neither planned nor likely to occur and therefore forms 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, which have a term to maturity of three months or less.

Included in cash is \$2,020 (2019 - \$2,015) set aside by the Company to demonstrate that it has sufficient liquidity to support its California county title license for the conduct of business in the state of California.

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 ownership of. Accordingly, cash held in escrow, including 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
Licenses	10 years

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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 from the date when the intangible asset first meets the recognition criteria listed above to the date the asset is available for use. During the period of development, the asset is tested for impairment at least annually. Where no internally generated intangible asset is recognized, 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.

Internally generated intangible assets represented computer software development costs associated with the 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 difference between consideration and 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 and 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 represent its operating segments which is consistent with the level 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 of the CGU, representing the higher of its fair value less cost to sell ("FVLCS") and its value in use, is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets of the CGU on a pro rata basis. 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.

Upon 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 to the consolidated statements of operations and comprehensive income or loss.

Goodwill is tested for impairment annually on June 30th.

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 represents the difference between the proceeds received, if any, on disposal of the asset and its carrying amount. Any resulting gain or loss is recognized in the consolidated statements of operations and comprehensive income or loss.

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Amortization is recognized using the straight-line method for each component of property and equipment. 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
Right-of-use assets	Lesser of the lease term and the useful life of the underlying asset

Capitalized finance lease assets were amortized over their expected useful lives on the same basis as owned assets. However, when there was no reasonable certainty that ownership would transfer at the end of the lease term, capitalized finance lease assets were amortized over the lesser of the lease term and their estimated useful lives.

Leases and leasehold inducements

Prior to October 1, 2019, leases were classified and capitalized as finance leases when the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases were 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 was included in the consolidated statements of financial position as a finance lease obligation. Leases for which the risks and rewards were retained by the lessor were considered operating leases. Operating lease payments were 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 represented rent-free periods, rent escalations and lease incentives which were amortized on a straight-line basis over the respective lease terms to rent expense.

Effective October 1, 2019, at inception, the Company assessed whether a contract was, or contained, a lease based on whether the contract conveyed the right to control the use of an identified asset for a period of time in exchange for consideration and recognized a right-of-use asset and lease liability, as applicable.

Right-of-use assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any, and adjusted for any re-measurement of lease liabilities. The cost of a right-of-use asset reflects the amount recognized on the initial measurement of the lease obligation plus any lease payments made on or before the commencement date, including any initial direct costs and related restoration costs. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset includes the exercise of a purchase option, the related right-of-use asset is amortized over the useful life of the underlying asset. Amortization of the right-of-use asset begins at the lease commencement date.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index, rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably expected to exercise that option, and payments for penalties attributable to terminating the lease if the lessee is reasonably expected to terminate the lease prior to the end of the lease term. When a contract contains both lease and non-lease components, the Company allocates the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component. Relative stand-alone prices are determined by maximizing the most observable supplier prices for a similar asset and/or service. The lease liability is expressed net of lease incentives receivable and lease payments are discounted using the interest rate implicit in the lease or, if the implicit rate cannot be determined, the lessee's incremental borrowing rate.

The period over which lease payments are discounted is equal to the lease term, which includes renewal options that the Company is reasonably expected to exercise. Payments associated with short-term leases, representing leases with a term of 12 months or less, and leases for low-value assets, are recognized as an expense on a straight-line basis to operating expenses in the consolidated statements of operations and comprehensive income or loss. Variable lease payments that are not dependent on an index or rate, or

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are subject to a fair market value renewal, are expensed as incurred and recognized to operating expenses in the consolidated statements of operations and comprehensive income or loss.

Each lease payment included in the lease liability is apportioned between the repayment of the liability and the cost to finance. The finance cost is recorded to interest expense in the consolidated statements of operations and comprehensive income or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the obligation. The carrying amount of lease liabilities is re-measured when there is a change in future lease payments arising from a change in an index or specified rate, if there is a modification to the lease term, if there is a change in the estimated amount payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a termination, extension or purchase option.

Lease payments related to the principal portion of lease liabilities are classified as cash flows from financing activities while lease payments related to the interest portion are classified as cash flows from operating activities, within interest paid.

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 as a result of taxable income or loss generated by the Company in the period applying enacted or substantively enacted tax rates, at the reporting date. 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 purposes and their equivalent tax amounts. Deferred income tax is not recognized on the initial recording of assets or liabilities for financial reporting purposes that is not a business combination and that impacts neither accounting income nor taxable income or loss. Deferred income tax assets and liabilities are measured applying tax rates that have been enacted or substantively enacted at the reporting date and are expected to be in effect when the temporary differences reverse.

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 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 the related tax benefit is subsequently increased only when the probability of future taxable income improves. Deferred income tax liabilities are not recognized on temporary differences that arise from goodwill that is not deductible for tax purposes.

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 liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities when there is an intention to either settle current income tax liabilities on a net basis or realize the tax assets and settle tax liabilities simultaneously in a future period.

Warrant liabilities

At the time of issuance, warrants are classified as either 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, are not an equity instrument, and are 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 warrants is recognized in the consolidated statements of operations and comprehensive income or loss.

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Revenues

The Company evaluates whether the contracts it enters into meet the definition of a contract with a customer at inception and recognizes revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for transferring goods or services to a customer. When applicable, the Company excludes amounts collected on behalf of third parties from revenue when it does not control the goods or services before they are transferred to a customer, since it is acting as an agent rather than a principal to the transaction. The Company has determined that no significant financing component exists between the date a promised good or service is transferred to a customer and the date the customer pays for that good or service, when the period is one year or less.

The Company records revenue at a point in time, 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 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 recognizes revenue when the appraisal report is delivered 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 exclusive of amounts remitted to third party insurance underwriters and certain work performed by attorneys in attorney work share states, are recorded when a transaction closes. Recording services are recognized as revenue when 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 when the report is delivered to the client.

Insurance Inspection

The Company provides insurance inspection services to property and casualty insurers through the Platform. The Company records revenue when the insurance inspection 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. On-going service fee revenues are recognized as services are provided. Any usage-based fees and minimum transaction fees are recognized monthly as services are provided over the term of the arrangement.

Contract Costs

Incremental costs to obtain customer contracts include commissions that would not be incurred if the contracts had not been obtained. As a practical expedient, the Company recognizes the incremental costs to obtain a contract as an immediate expense if the amortization period of the asset is one year or less.

The Company manages and reviews its operations by geographical location and service type. For detailed information about the Company's reportable segments and disaggregated revenue, see Note 22.

Transaction costs

Transaction costs represent expenses that are directly attributable to a specific revenue transaction, which include: 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.

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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.

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 and embedded derivatives in certain contracts, 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.

Classification and Measurement

The Company classifies and measures financial assets based on their contractual cash flow characteristics and the Company's business model for the financial asset. A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit and loss ("FVPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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All financial assets not classified and measured at amortized cost or FVOCI are classified and measured at FVPL. This includes all derivative financial assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified and measured at amortized cost are subsequently measured applying the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses, are recognized in the consolidated statements of operations and comprehensive income or loss. Financial assets are derecognized when the contractual rights to receive cash flows and benefits from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership to another party. Any resulting gain or loss on derecognition is recorded to the consolidated statements of operations and comprehensive income or loss in the period of derecognition.

Financial assets classified and measured at FVPL are subsequently measured at fair value at each reporting date. Net gains and losses, including any interest or dividend income, are recorded to the consolidated statements of operations and comprehensive income or loss.

Financial liabilities are classified and measured based on two categories: amortized cost or FVPL. Derivatives embedded in contracts where the host is a financial asset within the scope of the standard are not separated, and the hybrid financial instrument is assessed for classification as a whole. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recorded to the consolidated statements of operations and comprehensive income or loss in the period of derecognition.

Below is a summary showing the measurement categories of the Company's financial assets and liabilities.

Financial assets and liabilities	Measurement Category
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade payables	Amortized cost
Accrued charges	Amortized cost
Long-term debt	Amortized cost
Warrant liabilities	FVPL

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 FVPL, 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 FVPL are expensed to 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 applying 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 where the host contract is not a financial asset, are measured at their estimated fair values. Gains or losses on financial instruments measured at their estimated fair values are recorded to 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.

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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. Financial assets or financial liabilities are categorized within the fair value hierarchy 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

Impairment

Financial assets

The impairment of financial assets is based on an expected credit loss (“ECL”) model. The ECL model applies to financial assets measured at amortized cost and requires the Company to consider factors that include past events, current conditions and forecasts of future economic conditions.

Loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company elects to measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs applied at each reporting date. The Company determines ECLs on trade and other receivables using a provision matrix based on historical credit loss experience to estimate lifetime ECLs adjusted for estimated changes to credit risks and forecasts of future economic conditions.

Impairment losses are recorded to operating expenses in the consolidated statement of operations and comprehensive income or loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. When an impairment loss has decreased in a subsequent period, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss is immediately reversed in the consolidated statements of operations and comprehensive income or loss. The reversal of an impairment loss may not exceed the amortized cost had no impairment loss been recognized.

Non-financial assets

The carrying value of property and equipment and intangibles are reviewed at each reporting period to determine if indicators of impairment exist. If any such indicator 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 FVLCS 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

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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.

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, lease terms, the determination of the carrying amount of right-of-use assets and lease liabilities, 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) *Revenues – satisfaction of performance obligations*

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

(b) *Revenues – agent versus principal*

The Company uses judgment in its assessment of whether it is acting as an agent or principal in a transaction. When the Company is not primarily responsible for fulfilling the promise to provide a specified good or service and does not have discretion to establish price, it is acting as an agent in the transaction. The Company is acting as a principal when it controls the deliverables prior to delivery to the customer and establishes pricing.

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(c) 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.

(d) 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 impairment indicators exist. The recoverable amounts attributed to CGUs reflect the higher of FVLCS or value in use. The Company's determination of a CGU's recoverable amount, which could include an estimate of FVLCS, 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 estimated recoverable amount for an asset or CGU requires the use of significant estimates, including future cash flows, growth rates, and terminal and discount rates.

(e) 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.

(f) Fair value of warrant liabilities

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

(g) 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.

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(h) Amortization of property and equipment and intangible assets

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

Where an item of property and equipment can be subdivided into its major components, and these components are assessed as having different useful lives, the components are accounted for as separate items of property and equipment. The application of this policy requires judgment to determine the asset's useful life and to identify an asset's major components.

(i) Leases

Lease terms applied are the contractual non-cancellable periods of the lease plus periods covered by an option to renew the lease if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the lease if the Company is reasonably certain to not exercise that option. Management applies judgment in assessing all factors that create an economic incentive to exercise extension options, or to not exercise termination options, which are available in its lease arrangements. Management reviews its initial assessment if a significant event or change in circumstances occurs which affects its initial assessment and is within the control of the Company.

To determine the carrying amount of right-of-use assets and lease liabilities, the Company estimates the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. Management determines the incremental borrowing rate attributable to each leased asset, or portfolio of leased assets, by assessing the Company's creditworthiness, the security, term and value of the underlying leased asset and the economic environment in which the leased asset operates. The incremental borrowing rate is subject to change mainly as a result of macroeconomic changes.

(j) 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 future taxable income, 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.

(k) Provisions

Due to the 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.

(l) 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

Leases

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaced IAS 17 – "Leases" ("IAS 17") and any related interpretations. IFRS 16 provides a single lessee accounting model, which requires 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 carried forward the lessor accounting in IAS 17, with the distinction between operating and finance leases retained.

On October 1, 2019, the Company adopted IFRS 16 applying the modified retrospective approach. This approach did not require adjustment to the financial information presented on a comparative basis, including the related disclosures, and the cumulative impact of applying the new standard was recognized to accumulated deficit.

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As permitted by IFRS 16, the Company elected to use the following transition options and practical expedients on adoption:

- grandfather the definition of leases for existing contracts at the date of initial application;
- exclude certain short-term leases and leases of low value items;
- exclude leases for which the lease term ends within 12 months from the date of initial application;
- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- assess whether leases are onerous instead of performing an impairment review on its right-of-use assets as at October 1, 2019;
- exclude initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- use hindsight to determine the lease term of contracts containing options to extend or terminate the lease on the date of initial application.

Impact

On adoption of IFRS 16, the Company recognized a right-of-use asset and a lease liability for leases previously classified as operating leases where the Company was a lessee. Assets and obligations related to finance leases on the date of initial application remained unchanged. Right-of-use assets were measured at an amount equal to the lease liability and lease liabilities were measured at the present value of the remaining lease payments applying a discount rate equal to the Company's incremental borrowing rate as at October 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities recognized in the consolidated statements of financial position was 3.68 percent.

The following table summarizes the adjustments to certain amounts previously reported under IAS 17 as at September 30, 2019 resulting from the initial application of IFRS 16:

	As previously reported under IAS 17, September 30, 2019	IFRS 16 transition adjustments	Balance at October 1, 2019
ASSETS			
PROPERTY AND EQUIPMENT	\$ 3,632	\$ 8,632	\$ 12,264
DEFERRED TAX ASSETS	\$ 19,413	\$ 81	\$ 19,494
LIABILITIES			
CURRENT			
Lease liabilities	\$ 10	\$ 1,309	\$ 1,319
NON-CURRENT			
LEASEHOLD INDUCEMENTS	\$ 439	\$ (439)	\$ -
LEASE LIABILITIES	\$ -	\$ 7,762	\$ 7,762
EQUITY			
Accumulated deficit	\$ (81,346)	\$ 81	\$ (81,265)

The following table reconciles operating lease commitments as at September 30, 2019 to the opening balance of lease liabilities as at October 1, 2019:

Operating lease commitments as at September 30, 2019	\$ 8,617
Add: finance lease liabilities recognized as at September 30, 2019	10
Add: adjustments for the treatment of extension options	1,420
Less: effect of discounting using the lessee's incremental borrowing rate	(907)
Less: short-term, low value leases and others	(59)
Lease liabilities recognized as at October 1, 2019	\$ 9,081

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 – "Income Taxes" when there is uncertainty over the treatment of income tax. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately

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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 the restatement of comparative information. Earlier application was permitted. The adoption of the interpretation had no impact on the Company's financial statements.

Business Combinations

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)" to address difficulties that arise when an entity determines whether it has acquired a business or group of assets. The amendment clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to create outputs. The definition of a business and outputs have been narrowed by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs. The amendments are effective for annual periods beginning on or after January 1, 2020 and earlier application is permitted. The adoption of this amendment is applicable for the Company in determining whether acquisitions on or after October 1, 2020 qualify as a business.

Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued "Definition of Material (Amendments to IAS 1 and IAS 8)" to clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and earlier application is permitted. The Company will apply the new definition of material effective October 1, 2020 and adopting this amendment is not expected to have a significant impact on the Company's financial statements.

Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Only rights to defer settlement by at least twelve months that are in place at the end of the reporting period affect the classification of a liability. Classification is unaffected by an entities' expectation to exercise its right to defer settlement of a liability. The amendments, to be applied retrospectively, are effective for annual reporting periods beginning on or after January 1, 2023. The Company will apply the amendment to the classification of liabilities effective October 1, 2023, and adopting this amendment is not expected to have a significant impact on the Company's financial statements.

Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – "Property, Plant and Equipment – Proceeds before Intended Use" ("IAS 16"), IAS 37 – "Onerous Contracts – Costs of Fulfilling a Contract" ("IAS 37"), IFRS 3 – "Reference to the Conceptual Framework" ("IFRS 3"), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarifies the meaning of "costs to fulfil a contract" which could result in the recognition of more onerous contract provisions. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting to determine what constitutes an asset or a liability in a business combination. Without this update, an entity may have recognized some liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable to the Company.

These amendments are effective January 1, 2022 and earlier application is permitted. The Company will apply the amendments effective October 1, 2022, and adopting these amendments is not expected to have a significant impact on the Company's financial statements.

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4. Intangibles

	2020					
	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	\$ 8,291	\$ 55,926	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,074
Foreign currency translation adjustment	(59)	(43)	-	-	-	(102)
Balance, end of year	\$ 8,232	\$ 55,883	\$ 2,297	\$ 5,720	\$ 13,840	\$ 85,972
Accumulated amortization						
Balance, beginning of year	\$ 8,291	\$ 55,268	\$ 2,297	\$ 5,720	\$ 4,844	\$ 76,420
Amortization	-	343	-	-	1,384	1,727
Foreign currency translation adjustment	(59)	(43)	-	-	-	(102)
Balance, end of year	\$ 8,232	\$ 55,568	\$ 2,297	\$ 5,720	\$ 6,228	\$ 78,045
Net carrying value, end of year	\$ -	\$ 315	\$ -	\$ -	\$ 7,612	\$ 7,927

	2019					
	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	\$ 8,482	\$ 56,065	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,404
Foreign currency translation adjustment	(191)	(139)	-	-	-	(330)
Balance, end of year	\$ 8,291	\$ 55,926	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,074
Accumulated amortization						
Balance, beginning of year	\$ 8,482	\$ 48,724	\$ 2,060	\$ 5,043	\$ 3,460	\$ 67,769
Amortization	-	6,683	237	677	1,384	8,981
Foreign currency translation adjustment	(191)	(139)	-	-	-	(330)
Balance, end of year	\$ 8,291	\$ 55,268	\$ 2,297	\$ 5,720	\$ 4,844	\$ 76,420
Net carrying value, end of year	\$ -	\$ 658	\$ -	\$ -	\$ 8,996	\$ 9,654

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5. Goodwill

	2020		
	U.S. Appraisal	U.S. Title	Total
Cost			
Balance, beginning of year	\$ 43,181	\$ 17,296	\$ 60,477
Balance, end of year	\$ 43,181	\$ 17,296	\$ 60,477
Accumulated impairment			
Balance, beginning of year	\$ -	\$ -	\$ -
Balance, end of year	\$ -	\$ -	\$ -
Net carrying value, end of year	\$ 43,181	\$ 17,296	\$ 60,477

	2019		
	U.S. Appraisal	U.S. Title	Total
Cost			
Balance, beginning of year	\$ 43,181	\$ 17,296	\$ 60,477
Balance, end of year	\$ 43,181	\$ 17,296	\$ 60,477
Accumulated impairment			
Balance, beginning of year	\$ -	\$ -	\$ -
Balance, end of year	\$ -	\$ -	\$ -
Net carrying value, end of year	\$ 43,181	\$ 17,296	\$ 60,477

Impairment testing

The Company has determined the recoverable amount based on a FVLCS calculation. To determine FVLCS for each CGU group, the Company applied market valuation multiples derived from recent merger and acquisition transactions for like or similar businesses coupled with the Company's historical acquisition data to its last twelve-month performance results of revenues less transaction costs and operating expenses. Valuation multiples applied by the Company, which are Level 3 inputs in the fair value hierarchy, reflect current market conditions and were assessed for reasonability by comparison to various trading multiples of comparable publicly traded companies or other available fair value indicators.

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.

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6. Property and Equipment

	2020					
	Computer equip- ment	Furniture and fixtures	Leasehold improve- ments	Right-of- use assets (office space)	Right-of- use assets (computer equip- ment)	Total
Cost						
Balance, beginning of year	\$ 4,028	\$ 2,268	\$ 3,629	\$ -	\$ -	\$ 9,925
Adoption of IFRS 16 (Note 3)	-	-	-	8,580	52	8,632
Additions	1,558	46	35	189	-	1,828
Disposals	(2,147)	(280)	(250)	-	-	(2,677)
Foreign currency translation adjustment	(8)	(3)	(6)	(7)	-	(24)
Balance, end of year	\$ 3,431	\$ 2,031	\$ 3,408	\$ 8,762	\$ 52	\$ 17,684
Accumulated amortization						
Balance, beginning of year	\$ 3,230	\$ 1,376	\$ 1,687	\$ -	\$ -	\$ 6,293
Amortization	614	339	331	1,410	32	2,726
Disposals	(2,147)	(280)	(250)	-	-	(2,677)
Foreign currency translation adjustment	(5)	(1)	(6)	2	-	(10)
Balance, end of year	\$ 1,692	\$ 1,434	\$ 1,762	\$ 1,412	\$ 32	\$ 6,332
Net carrying value, end of year	\$ 1,739	\$ 597	\$ 1,646	\$ 7,350	\$ 20	\$ 11,352
	2019					
	Computer equip- ment	Furniture and fixtures	Leasehold improve- ments			Total
Cost						
Balance, beginning of year		\$ 3,416	\$ 1,842	\$ 3,083		\$ 8,341
Additions		628	477	960		2,065
Disposals		-	(46)	-		(46)
Impairment (Note 13)		-	-	(394)		(394)
Foreign currency translation adjustment		(16)	(5)	(20)		(41)
Balance, end of year		\$ 4,028	\$ 2,268	\$ 3,629		\$ 9,925
Accumulated amortization						
Balance, beginning of year		\$ 2,624	\$ 1,122	\$ 1,467		\$ 5,213
Amortization		618	302	271		1,191
Disposals		-	(46)	-		(46)
Impairment (Note 13)		-	-	(33)		(33)
Foreign currency translation adjustment		(12)	(2)	(18)		(32)
Balance, end of year		\$ 3,230	\$ 1,376	\$ 1,687		\$ 6,293
Net carrying value, end of year		\$ 798	\$ 892	\$ 1,942		\$ 3,632

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At September 30, 2019, assets under finance leases totaled \$10. Refer to Note 13 for details of the impairment write-down recognized in the year ended September 30, 2019. There were no reversals of previous write-downs in the years presented.

7. Lease Liabilities

The Company enters into lease agreements primarily for office space and computer equipment. As at September 30, 2020, the net book value of the right-of-use assets totaled \$7,370. Refer to Note 6 for a continuity of the cost and accumulated amortization for right-of-use assets.

The following table presents lease liabilities of the Company:

	2020
Office space	\$ 7,884
Computer equipment	20
Total lease liabilities	\$ 7,904
Less: current portion	1,303
	\$ 6,601

At September 30, 2020, \$1,474 of lease liabilities are related to an extension option that was deemed reasonably certain to be exercised.

Future undiscounted contractual lease payments required in each of the next five years ending September 30 and thereafter are as follows:

	2020
2021	\$ 1,571
2022	1,555
2023	1,270
2024	829
2025	774
Thereafter	1,086
	\$ 7,085

The Company also has a future undiscounted cash flow of \$1,704 related to leases not yet commenced but it is committed to.

The following amounts relating to leases have been recognized in the consolidated statements of operations and comprehensive income and consolidated statements of cash flows:

	2020
Rent expense relating to short-term and low-value leases	\$ 156
Amortization of right-of-use assets	\$ 1,442
Interest on lease liabilities	\$ 318
Total cash outflow for lease liabilities	\$ 1,356

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") and 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"). On April 30, 2020, the Company entered into a financing commitment with the Bank of Montreal and Bank of Montreal, Chicago Branch (the "commitment") to align the maturity dates to April 30, 2021 for each commitment that was available under the first amendment to a second amended and restated term sheet amplification agreement (the "agreement") and to make certain additional modifications.

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Subject to satisfying certain conditions, the 2016 facility has available capacity of \$19,650 and the 2015 facility has available capacity of \$10,200, or their Canadian dollar equivalents, and each is available to support the Company's working capital and general operating requirements and to support acquisition and permitted acquisition activity as defined in the commitment.

The term loans amortize at a rate of 2% quarterly over a one-year period with the remaining unamortized balance due April 30, 2021, the date of maturity. 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: (a) 50% of the excess annual cash flow if the senior funded debt to EBITDA ratio is greater than 2.5:1.0; (b) 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 (c) proceeds from insurance claims not otherwise reinvested within 180 days from receipt.

Amounts drawn under the 2015 facility bear fees of between 200 and 300 basis points over LIBOR or 75 to 175 basis points over Canadian prime or U.S. base rates of interest, determined based on the senior funded debt to EBITDA ratio as defined in the commitment. Amounts drawn under the 2016 facility bear fees of between 150 to 250 basis points over LIBOR or 25 to 125 basis points over Canadian prime or U.S. base rates of interest, determined based on the senior funded debt to EBITDA ratio as defined in the commitment. Undrawn amounts under the 2015 facility are subject to a standby fee of 40 basis points regardless of our senior funded debt to EBITDA ratio as defined in the commitment. LIBOR is subject to a floor of 1.0% and the commitment includes a limitation on advances under the facilities for the purpose of funding costs and expenses reasonably anticipated and incurred in the normal course of business.

At September 30, 2020, the Company had drawn \$nil (2019 - \$nil) on the 2016 and 2015 facilities.

Revolving credit facility

Effective April 30, 2020, the Company has an available commitment of 15,000 Canadian dollars ("C\$") under a committed revolving credit facility, or its U.S. dollar equivalent, for working capital and general operating purposes and to support acquisition and permitted acquisition activity as defined in the commitment, subject to satisfying certain conditions. Amounts drawn under the committed revolving credit facility bear fees of between 200 and 300 basis points over LIBOR or 75 to 175 basis points over Canadian prime or U.S. base rates of interest, determined based on the senior funded debt to EBITDA ratio as defined in the commitment.

Undrawn amounts under the committed revolving credit facility are subject to a standby fee of 40 basis points regardless of our senior funded debt to EBITDA ratio as defined in the commitment. LIBOR is subject to a floor of 1.0% and the commitment includes a limitation on advances under the facilities for the purpose of funding costs and expenses reasonably anticipated and incurred in the normal course of business.

Repayments on the revolver are interest only until April 30, 2021, the date of maturity. Total advances under the revolver cannot exceed 75% of the Company's 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, at Canadian prime or U.S. base rates of interest, bankers' acceptances or letters of credit.

At September 30, 2020, the Company had drawn \$nil (2019 - \$nil) on the revolving credit facility.

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 certain 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, 2020.

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Interest expense is comprised of the following:

	2020	2019
Senior and revolving credit facilities	\$ 89	\$ 86
Amortization of deferred financing costs	86	94
Lease liabilities	318	10
	\$ 493	\$ 190

9. Warrant Liabilities

Company-issued special warrants were automatically converted into common share purchase warrants (“warrants”) on completion of the Company’s initial public offering (“IPO”) (together with other satisfied events). All outstanding warrants are exercisable and expire on May 11, 2022, 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. There is no circumstance which requires the Company to pay cash upon exercise or expiry of the warrants.

During the year ended September 30, 2020, 683 (2019 – 662) warrants were exercised, resulting in the issuance of 623 (2019 – 586) common shares. These warrants had a fair value of \$7,898 (2019 – \$2,942) 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 \$1,200 loss (2019 – \$491 loss) to the consolidated statement of operations and comprehensive income 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, 2020, there were 191 (September 30, 2019 – 874) warrants outstanding. All warrants have an exercise price of C\$1.38 (September 30, 2019 – C\$1.38) representing a total liability of \$3,527 at September 30, 2020 (September 30, 2019 - \$6,394).

The loss on fair value of warrants was measured using the Black-Scholes-Merton option pricing model and included the following assumptions: volatility of 52.2% (2019 – 45.4%), a risk-free interest rate of 0.20% (2019 – 1.71%), a dividend yield of nil% (2019 - nil%) and an expected life of 10 months (2019 - 12 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, 2020 and 2019, no preferred shares were issued.

Normal course issuer bid

Effective June 11, 2019, the Company received approval to renew its normal course issuer bid for a one year period expiring on June 10, 2020. Under the renewed normal course issuer bid, the Company was approved to purchase up to 5,000 common shares. Daily purchases on the Toronto Stock Exchange (“TSX”), or made through alternative Canadian trading systems, were limited to a maximum of 27.969 common shares.

Effective June 11, 2020, the Company received approval to renew its normal course issuer bid for a one year period expiring on June 10, 2021. Under the renewed normal course issuer bid, the Company is approved to purchase up to 4,000 common shares. Daily purchases on the TSX, or made through alternative Canadian trading systems, are limited to a maximum of 135.858 common shares.

Under each normal course issuer bid, the Company was/is permitted to purchase a block of common shares once a week 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 have been or will be cancelled.

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For the year ended September 30, 2020, 1,689 common shares (2019 – 4,649) were purchased and cancelled at a total cost of \$16,961 (2019 - \$20,205). As of November 19, 2020, 518 additional common shares were purchased and cancelled or settled.

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

	2020	
	Number of shares	Amount
Balance, beginning of year	84,946	\$ 253,842
Common shares issued on the exercise of stock options, during the year (Note 16)	1,479	5,612
Common shares issued on the exercise of warrants, during the year (Note 9)	623	7,898
Purchase of common shares, during the year	(1,689)	(4,699)
Balance, end of year	85,359	\$ 262,653

	2019	
	Number of shares	Amount
Balance, beginning of year	88,228	\$ 261,553
Common shares issued on the exercise of stock options, during the year (Note 16)	781	2,051
Common shares issued on the exercise of warrants, during the year (Note 9)	586	3,182
Repurchase of common shares, during the year	(4,649)	(12,944)
Balance, end of year	84,946	\$ 253,842

11. Net Income per Weighted Average Share

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

	2020		2019	
Net income	\$	42,798	\$	10,094
Net income attributable to common shareholders	\$	41,991	\$	8,958
Weighted average number of shares, basic		84,636		86,366
Dilutive effect of stock options and warrants		3,820		3,701
Weighted average number of shares, diluted		88,456		90,067
Net income per weighted average share, basic	\$	0.50	\$	0.10
Net income per weighted average share, diluted	\$	0.47	\$	0.10

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

12. Operating Expenses

	2020	2019
Operating expenses:		
Salaries and benefits	\$ 72,500	\$ 55,762
Sales and marketing	693	872
Travel and entertainment	1,107	2,249
Office and computer	11,344	10,924
Professional fees	2,899	2,605
Other	3,751	2,505
	\$ 92,294	\$ 74,917

For the year ended September 30, 2020, the Company recognized an expense of \$833 (2019 - \$541) to salaries and benefits for contributions made in connection with defined benefit contribution plans.

13. Impairment of Assets

In December 2018, the Company continued its integration of certain operations and entered into a lease termination agreement related to certain office space. Accordingly, leasehold improvements attributable to vacated office space, recorded as property and equipment in the Company's U.S. Appraisal segment, were determined to be impaired. The Company recorded an impairment charge of \$361, representing the carrying amount of the leasehold improvements, to the consolidated statements of operations and comprehensive income for the year ended September 30, 2019.

14. Changes in Non-Cash Working Capital Items

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

Inflow (outflow)	2020	2019
Trade and other receivables	\$ 5,926	\$ (12,516)
Prepaid expenses	(261)	5
Trade payables	143	9,749
Accrued charges	2,796	615
Deferred revenues	-	(12)
Effect of foreign currency translation adjustments and other non-cash changes	(240)	32
	\$ 8,364	\$ (2,127)

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

15. Changes in Liabilities Arising From Financing Activities

	September 30, 2020						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2019	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - September 30, 2020
Lease liabilities ⁽¹⁾	\$ 10	189	(1,356)	-	(10)	9,071	\$ 7,904
Leasehold inducements ⁽¹⁾	\$ 439	-	-	-	-	(439)	\$ -
Warrant liabilities	\$ 6,394	-	-	5,101	(70)	(7,898)	\$ 3,527

	September 30, 2019						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2018	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - September 30, 2019
Lease liabilities	\$ 183	-	(172)	-	(1)	-	\$ 10
Leasehold inducements	\$ 503	-	-	-	(5)	(59)	\$ 439
Warrant liabilities	\$ 3,799	240	-	5,617	(320)	(2,942)	\$ 6,394

Note

⁽¹⁾ Other non-cash changes reflect the initial adoption and subsequent accounting for lease liabilities under IFRS 16. Please refer to Note 3 for further details.

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") and stock options. To date, the Company has only issued stock options as long-term incentive awards and has not issued 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 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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.

The Company awarded the following stock options during the year ended September 30, 2020:

Grant date	Group awarded to	Vesting period (from the date of grant)	Expiry date (from the date of grant)	Aggregate number of stock options awarded
November 25, 2019	Executive officers and certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	481
November 25, 2019	Directors	Immediately	7 th anniversary date	123
February 3, 2020	Director	Immediately	7 th anniversary date	37
February 3, 2020	Certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	17
February 10, 2020	Executive officer	Equally on the first, second and third anniversary date	7 th anniversary date	50
May 8, 2020	Certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	20
August 4, 2020	Certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	17

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. In calculating the fair value of stock options at the date of grant, the following weighted average assumptions were applied:

Grant date	November 25, 2019	February 3, 2020	February 10, 2020
Dividend yield	-	-	-
Expected volatility	43.7%	43.4%	43.5%
Risk free interest rate	1.5%	1.6%	1.5%
Expected remaining life, stated in years	4.3	3.8	4.5
Exercise price (expressed in C\$)	\$ 12.46	\$ 14.00	\$ 15.31
Fair value, per option (expressed in C\$)	\$ 4.62	\$ 4.88	\$ 5.77

Grant date	May 8, 2020	August 4, 2020
Dividend yield	-	-
Expected volatility	44.8%	46.3%
Risk free interest rate	0.4%	0.3%
Expected remaining life, stated in years	4.5	4.5
Exercise price (expressed in C\$)	\$ 20.88	\$ 31.94
Fair value, per option (expressed in C\$)	\$ 7.76	\$ 12.15

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2020		2019	
	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	6,060	\$ 6.03	5,983	\$ 6.03
Granted, during the year	745	\$ 13.45	1,196	\$ 4.69
Exercised, during the year	(1,479)	\$ 4.10	(781)	\$ 2.79
Forfeited, during the year	(215)	\$ 10.01	(338)	\$ 8.72
Outstanding balance, end of year	5,111	\$ 7.50	6,060	\$ 6.03
Options exercisable, end of year	3,591	\$ 7.18	4,071	\$ 5.80

The Company recorded stock option expense of \$2,419 (2019 - \$1,819) to operating expenses in the consolidated statements of operations and comprehensive income for the year ended September 30, 2020.

The following table summarizes certain information for stock options outstanding as at September 30, 2020:

Exercise price, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 1.84	45	1.52	45
\$ 2.21	31	2.62	31
\$ 2.28	54	0.11	54
\$ 2.40	665	4.15	665
\$ 3.93	855	5.17	394
\$ 4.60	85	4.79	85
\$ 5.00	97	5.12	97
\$ 5.22	178	4.87	119
\$ 6.11	927	4.61	673
\$ 6.17	36	5.60	-
\$ 6.87	220	5.73	73
\$ 8.00	188	5.78	188
\$ 8.63	10	6.87	10
\$ 9.05	27	7.17	12
\$ 9.59	3	7.34	2
\$ 10.50	116	6.18	116
\$ 12.46	563	6.15	122
\$ 12.80	1	6.63	1
\$ 13.00	868	6.61	868
\$ 14.00	54	6.34	36
\$ 15.31	50	6.36	-
\$ 20.88	20	6.60	-
\$ 31.94	18	6.84	-
	5,111	5.29	3,591

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (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:

		2020		2019
Salaries and benefits	\$	5,514	\$	4,445
Stock-based compensation	\$	1,699	\$	1,408

18. Commitments and Contingencies

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 \$402,649 at September 30, 2020 (2019 - \$216,808) which are not assets of the Company and 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 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 already 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 liabilities. At September 30, 2020 and September 30, 2019, financial liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

					2020
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$	-	\$ (3,527)	\$ -	\$ (3,527)
	\$	-	\$ (3,527)	\$ -	\$ (3,527)

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

2019

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (6,394)	\$ -	\$ (6,394)
	\$ -	\$ (6,394)	\$ -	\$ (6,394)

The hierarchal measurement categories for financial assets and liabilities, recognized at fair value on a recurring basis, are reassessed at the end of each reporting period.

For the years ended September 30, 2020 and 2019, there were no transfers between levels or changes to the valuation techniques.

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

Estimated fair value

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

Financial risk management

In the normal course of business, the Company is exposed to financial risks that have the potential to impact its financial performance, including credit risk, 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, 2020, two customers represented more than 10% (2019 – 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.

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For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Trade and other receivables

	2020	2019
Trade receivables	\$ 27,163	\$ 34,187
Settlement receivables	3,269	2,380
Other	573	354
Allowance for doubtful accounts	(344)	(334)
	\$ 30,661	\$ 36,587

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

	2020	2019
Balance, beginning of year	\$ (334)	\$ (492)
Impairment losses recognized, during the year	(201)	(259)
Write-offs, during the year	191	417
Balance, end of year	\$ (344)	\$ (334)

The aging of trade and other receivables was as follows:

	2020	2019
Current	\$ 28,384	\$ 31,785
Over 30 days	1,180	1,845
Over 60 days	726	1,963
Over 90 days	715	1,328
Total gross trade and other receivables	31,005	36,921
Less: allowance for doubtful accounts	344	334
Total trade and other receivables	\$ 30,661	\$ 36,587

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, 2020, the Company had net assets of \$65,789 (2019 – net assets of \$49,197) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in a plus or minus \$6,579 (2019 - \$4,920) 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.

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.

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Notes to the Consolidated Financial Statements

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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 make payment on these amounts:

		2020				
		Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 19,477	\$ 19,477	-	-	-	
Accrued charges	\$ 5,216	\$ 5,216	-	-	-	
		2019				
		Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 19,334	\$ 19,334	-	-	-	
Accrued charges	\$ 2,420	\$ 2,420	-	-	-	
Finance lease obligations	\$ 10	\$ 10	-	-	-	

20. Income Taxes

The components of income tax expense are as follows:

	2020	2019
Current income tax expense		
Current year	\$ 7,513	\$ 1,046
Adjustments for prior periods	15	(75)
	7,528	971
Deferred income tax expense		
Origination and reversal of temporary differences	11,298	4,496
Adjustments for prior periods	(160)	(1,257)
	11,138	3,239
Total income tax expense	\$ 18,666	\$ 4,210

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

	2020	2019
Income before income tax expense	\$ 61,464	\$ 14,304
Statutory income tax rate	26.5%	26.5%
Expected income tax expense at the statutory income tax rate	16,288	3,791
Foreign income expense subject to tax at a different statutory tax rate	782	161
Adjustments for prior periods	(145)	(1,332)
Non-deductible expenses and non-taxable income	1,883	1,349
State tax	(196)	241
Other	54	-
	\$ 18,666	\$ 4,210

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Movements in deferred tax assets and liabilities are as follows:

	2020				
	Balance, beginning of year	Recognized in net income	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (243)	\$ (80)	\$ (2,400)	\$ (1)	(2,724)
Intangibles	12,363	(2,551)	-	(6)	9,806
Financing fees	1,022	(557)	-	(12)	453
Unutilized tax loss carryforwards	4,783	(3,958)	-	(14)	811
Unrealized foreign exchange gains	(2,215)	(222)	-	2	(2,435)
Capital loss carryforwards	-	140	-	1	141
Lease Liabilities	-	(322)	2,520	2	2,200
Interest expense	3,561	(3,561)	-	-	-
Other	142	(27)	(39)	(2)	74
	\$ 19,413	\$ (11,138)	\$ 81	\$ (30)	8,326

	2019				
	Balance, beginning of year	Recognized in net income	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (38)	\$ (205)	\$ -	\$ -	(243)
Intangibles	11,508	870	-	(15)	12,363
Financing fees	1,626	(566)	-	(38)	1,022
Unutilized tax loss carryforwards	8,597	(3,758)	-	(56)	4,783
Unrealized foreign exchange gains	(1,512)	(704)	-	1	(2,215)
Interest expense	2,351	1,210	-	-	3,561
Other	232	(86)	-	(4)	142
	\$ 22,764	\$ (3,239)	\$ -	\$ (112)	19,413

Deferred income tax assets are recorded for unutilized tax loss carryforwards when the realization of the related tax benefit through future taxable income is probable. At September 30, 2020, the Company and its subsidiaries have \$3,059 (2019 - \$5,047) of non-capital loss carryforwards in Canada expiring in varying amounts between 2036 and 2039. Total deferred tax assets of \$811 (2019 - \$4,783) have been recognized on the full amount of these loss carryforwards. 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 investment 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.

Real Matters Inc.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2020 and 2019 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 shareholder 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 Company's annual operating budgets, and any material transactions that are not in 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.

22. Segmented Reporting

The Company conducts its business through three reportable segments: U.S. Appraisal, U.S. Title 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 CODM is the Chief Executive Officer of the Company.

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

The U.S. Title segment serves the title and closing market by providing various title services for refinance, purchase, commercial, short sale and real estate owned ("REO") transactions to financial institutions through its Solidifi brand. As an independent title agent, the Company provides services required to close a mortgage transaction, including title search, closing and escrow services and title policy issuance. Other title and closing service offerings include 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 offerings include residential mortgage appraisals for purchase, refinance and home equity transactions which it provides 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, corporate development and other administrative support function costs.

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.

The accounting policies for each operating segment are the same as those described in the basis of presentation and significant accounting policies note, and the recent accounting pronouncements note, Notes 2 and 3, respectively. The Company evaluates segment performance based on revenues, net of transaction costs.

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Notes to the Consolidated Financial Statements

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	2020	2019
Revenues		
U.S. Appraisal	\$ 282,101	\$ 212,717
U.S. Title	142,397	82,649
Canada	31,447	27,171
	\$ 455,945	\$ 322,537
Revenues net of transaction costs		
U.S. Appraisal	\$ 67,224	\$ 50,130
U.S. Title	89,845	46,838
Canada	5,048	5,107
	\$ 162,117	\$ 102,075
Amortization		
U.S. Appraisal	\$ 1,509	\$ 1,118
U.S. Title	2,384	8,804
Canada	-	-
Corporate	560	250
	\$ 4,453	\$ 10,172
Operating expenses	\$ 92,294	\$ 74,917
Acquisition costs	\$ -	\$ 267
Integration expenses	\$ -	\$ 685
Impairment of assets	\$ -	\$ 361
Interest expense	\$ 493	\$ 190
Interest income	\$ (611)	\$ (986)
Net foreign exchange gain	\$ (1,077)	\$ (3,327)
Loss on fair value of warrants	\$ 5,101	\$ 5,617
Gain on sale of subsidiary	\$ -	\$ (125)
Income before income tax expense	\$ 61,464	\$ 14,304

Geographic segmentation of the Company's assets is as follows:

				2020
	U.S.	Canada	Corporate	Total
Intangibles	\$ 7,927	\$ -	\$ -	\$ 7,927
Goodwill	60,477	-	-	60,477
Property and equipment	10,230	-	1,122	11,352
				2019
	U.S.	Canada	Corporate	Total
Intangibles	\$ 9,654	\$ -	\$ -	\$ 9,654
Goodwill	60,477	-	-	60,477
Property and equipment	3,072	-	560	3,632

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Revenues by service type

The Company's revenue is derived from contracts with customers. The disaggregated revenue by service type is reconciled to the Company's segment revenue:

	2020	2019
Appraisal	\$ 310,981	\$ 236,096
Title and closing - mortgage origination	119,599	55,232
Title and closing - diversified	22,798	27,417
Insurance inspection	2,567	3,792
	\$ 455,945	\$ 322,537

For the year ended September 30, 2020, two customers (2019 - two customers) represented more than 10% of the Company's revenues, the largest representing 14.0% of total consolidated revenues and the next largest representing 10.3% of consolidated revenues. Total revenues attributable to these two customers totaled \$110,752 (2019 - \$68,632) and was recorded principally in the Company's U.S. Appraisal segment.

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 2021 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.

Executive Leadership Team

Jason Smith

Executive Chairman

Brian Lang

Chief Executive Officer

William Herman

Executive Vice President
and Chief Financial Officer

Andrew Bough

Executive Vice President,
Valuations

Loren Cooke

Executive Vice President
President of Solidifi

Victoria MacDonald

Chief People Officer

Kim Montgomery

Executive Vice President

Craig Rowsell

Executive Vice President

Robert J. Smith

Executive Vice President

Ryan Smith

Executive Vice President,
and Chief Technology Officer

Kevin Walton

Executive Vice President,
Corporate Development

Board of Directors

Jason Smith

Executive Chairman

Garry M. Foster¹

Lead Independent Director

Blaine Hobson²

Director

William T. Holland³

Director

Brian Lang

Director

Frank V. McMahon⁴

Director

Lisa Melchior⁴

Director

Peter Vukanovich²

Director

1. Audit Committee Chair

3. Compensation, Nomination and Governance Committee Chair

2. Compensation, Nomination and Governance Committee Member

4. Audit Committee Member

Corporate Information

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Independent Auditors

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Code of Conduct

The Company's Code of Conduct can be found at www.realmatters.com/investors/governance, on SEDAR, or can be obtained by writing to:

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