



MAKE AN INCREDIBLY SMART DECISION



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# Q4 and Fiscal 2017 Conference Call

**Periods ending September 30, 2017**

(all figures in US\$ millions unless otherwise noted)

November 28, 2017

**Jason Smith**

Chief Executive Officer

**Bill Herman**

Chief Financial Officer

This presentation contains forward-looking statements that relate to our current expectations and views of future events including but not limited to future market share and transaction volumes. In some cases, these forward-looking statements can be identified by words or phrases such as “forecast”, “target”, “goal”, “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict”, or “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe might affect our financial condition, results of operations, business strategy and financial needs. A comprehensive discussion of the risks that impact Real Matters can be found in the Company's Final Long Form Prospectus dated May 5, 2017 available on SEDAR at [www.sedar.com](http://www.sedar.com). Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described under the heading “Important Factors Affecting Results from Operations” outlined in the Strategy and Outlook section of the Company’s MD&A for the years ended September 30, 2017 and 2016.

Real Matters cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

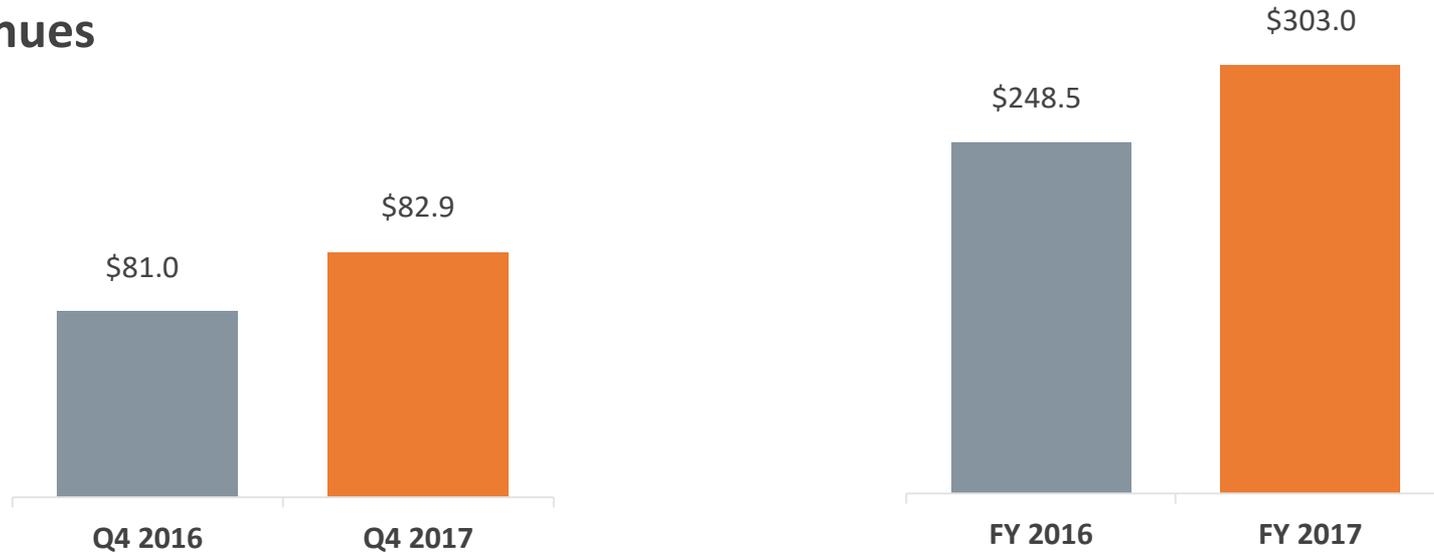
Information contained in forward-looking statements in this presentation is provided as of the date of this presentation and we disclaim any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

All of the forward-looking statements made in this presentation are qualified by these cautionary statements and other cautionary statements or factors contained herein and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

## **Non-GAAP Measures**

This presentation makes reference to certain Non-GAAP financial measures. Real Matters prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”). However, the Company considers certain non-GAAP financial measures as useful additional information in measuring its financial performance and condition. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating our performance, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures include “Adjusted EBITDA”, “Net Revenue” and “Adjusted Net Income or Loss”. See “Non-GAAP measures” in Real Matters’ MD&A for the years ended September 30, 2017 and 2016 for a more complete description of these terms.

## Revenues



## Business Highlights

- Exited Fiscal 2017 with 6.5% market share in appraisal – 30% increase YoY
  - Significant market share gains with all Tier 1 lenders
- Title and closing market share up 17% YoY
  - Completed hardening of existing title and closing platform – readiness for regulated banks
  - Purchase pilot work continues – in discussions to expand to other Top 100 lenders
- Announced expansion of our platform into title and closing at the Mortgage Bankers Association conference in October, rolled out enhanced inspection scheduling – extension of our platform
- One sales team, brand and value proposition
- On target to achieve our market share growth objectives

**Market Adjusted  
Revenue Growth**

**26%**  
**Fiscal 2017**

**17%**  
**Q4 2017**

<i>(US\$ millions)</i>	<b>Q4 2017</b>	Q4 2016	<i>Change</i>	<b>FY 2017</b>	FY 2016	<i>Change</i>
<b>Revenues</b>	<b>\$82.9</b>	\$81.0	2%	<b>\$303.0</b>	\$248.5	22%
<b>Net Revenue<sup>1</sup></b>	<b>\$24.0</b>	\$25.0	(4%)	<b>\$92.3</b>	\$68.3	35%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$2.9</b>	\$5.3	(45%)	<b>\$9.4</b>	\$12.8	(27%)
<b>Net (loss) income</b>	<b>\$(3.8)</b>	\$1.6	–	<b>\$(23.8)</b>	\$(6.1)	–
<b>Adjusted Net Income<sup>1</sup></b>	<b>\$0.7</b>	\$3.1	(77%)	<b>\$2.8</b>	\$6.0	(54%)

- Organic growth driven by market share gains and new clients helped offset the estimated market decline
- Net revenue margins impacted by change in revenue mix in the U.S., investments in capacity in the first half of 2017 for new clients and growth from market share gains, and transition of certain title and closing service offerings to a network management model
- Network effect in appraisal business delivered margin improvements in second half of 2017
- Higher operating expenses in Corporate segment included stock-based compensation expense and higher public company costs – remainder of the opex increase driven by investment to support our growth

# Q4 and Fiscal 2017 Segment Revenue

<i>(US\$ millions)</i>	<b>Q4 2017</b>	Q4 2016	<i>Change</i>	<b>FY 2017</b>	FY 2016	<i>Change</i>
<b>U.S.</b>						
Appraisal and Ancillary	<b>\$57.0</b>	\$52.3	9%	<b>\$200.2</b>	\$181.1	11%
Title and Closing	<b>16.8</b>	19.8	(15%)	<b>69.5</b>	36.9	88%
Other	<b>0.4</b>	0.1	-	<b>1.5</b>	0.3	-
<b>Total U.S.</b>	<b>\$74.2</b>	\$72.2	3%	<b>271.2</b>	218.3	24%
<b>Canada</b>						
Appraisal and Ancillary	<b>\$7.8</b>	\$7.8	-	<b>\$28.1</b>	\$26.7	5%
Other	<b>0.9</b>	1.0	(10%)	<b>3.6</b>	3.6	(1%)
<b>Total Canada</b>	<b>\$8.7</b>	\$8.8	(1%)	<b>\$31.7</b>	\$30.3	5%

- Increase in U.S. appraisal and ancillary revenues related to market share gains and new customers
- Decrease in U.S. title and closing due to market decline, partially offset by organic growth
- Increase in Canadian appraisal and ancillary due to higher volumes for the year, change in Q4 due to market decline fully offset by market share gains and FX
- Decrease in insurance inspection revenues in Canada due to lower market activity

An aerial photograph of a residential neighborhood, showing numerous houses with gabled roofs, streets, and trees. The entire image is overlaid with a dark orange color. The text "Reconciliation of Non-GAAP Measures" is centered in the right half of the image in white font.

# Reconciliation of Non-GAAP Measures

Net Revenue should not be construed as a measure of income or of cash flows. The reconciling items between net income or loss and Net Revenue are detailed in the consolidated statement of operations and comprehensive income or loss for the years ended September 30, 2017 and 2016. A reconciliation between net income or loss and Net Revenue is provided below.

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

Management typically calculates Net Revenue as follows:

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

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Net (loss) income	\$ (3,822)	\$ 1,634	\$ (23,769)	\$ (6,079)
Stock-based compensation expense	369	-	3,497	-
Acquisition and IPO (recovery) costs	(1,151)	485	1,609	3,005
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Income tax (recovery) expense	(563)	750	(8,403)	(891)
<b>Adjusted EBITDA</b>	<b>\$ 2,916</b>	<b>\$ 5,284</b>	<b>\$ 9,380</b>	<b>\$ 12,824</b>

Management typically calculates Adjusted EBITDA as follows:

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

# Adjusted Net Income

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Net (loss) income	\$ (3,822)	\$ 1,634	\$ (23,769)	\$ (6,079)
Stock-based compensation expense	369	-	3,497	-
Acquisition and IPO (recovery) costs	(1,151)	485	1,609	3,005
Amortization of intangibles	4,918	5,483	19,649	12,839
Impairment of assets	-	-	5,096	-
Net foreign exchange loss (gain)	3,076	(3,538)	3,390	(2,841)
(Gain) loss on fair value of warrants	(281)	22	5,011	5,437
Re-measurement loss on previously held equity method investment	-	-	976	-
Related tax effects	(2,392)	(960)	(12,696)	(6,389)
<b>Adjusted Net Income</b>	<b>\$ 717</b>	<b>\$ 3,126</b>	<b>\$ 2,763</b>	<b>\$ 5,972</b>
Weighted average number of shares outstanding (thousands), basic	87,370	75,128	80,280	69,489
Weighted average number of shares outstanding (thousands), diluted	92,182	82,245	85,092	76,606
Adjusted Net Income per weighted average share, basic	\$ 0.01	\$ 0.04	\$ 0.03	\$ 0.09
Adjusted Net Income per weighted average share, diluted	\$ 0.01	\$ 0.04	\$ 0.03	\$ 0.08