



Real Matters Reports Fourth Quarter and Fiscal 2021 Financial Results and Intention to Amend its Normal Course Issuer Bid

November 17, 2021

(all amounts are expressed in millions of U.S. dollars, excluding per share amounts and unless otherwise stated)

TORONTO--(BUSINESS WIRE)-- Real Matters Inc. (TSX: REAL) ("Real Matters" or the "Company"), a leading network management services platform for the mortgage and insurance industries, today announced its financial results for the fourth quarter and fiscal year ended September 30, 2021.

"We closed out fiscal 2021 with record results in our U.S. Appraisal business. We also marked a milestone year for U.S. Title with the launch of our first Tier 1 and the rollout of a new Tier 2 lender, achieving double-digit market share in the retail channel with both of these title clients, based on our strong performance," said Real Matters CEO Brian Lang.

"We continue to execute on our plan with a long-term view of the business and are confident in our ability to achieve our fiscal 2025 objectives, which includes doubling our U.S. Appraisal market share and tripling our U.S. Title market share from fiscal 2020 levels." added Lang. "Our business has demonstrated considerable growth since going public in 2017: consolidated revenues increased 66%, Net Revenues^(A) were up 78%, and we have grown Adjusted EBITDA^(A) five-fold. Our U.S. Appraisal business generated more revenues in fiscal 2021 than our consolidated business reported in fiscal 2017. And, our centralized title volumes have more than tripled since fiscal 2017. At the same time, we have returned significant value to shareholders by purchasing 16.5% of our outstanding shares since going public and we ended the year with more than \$60 million of cash on our balance sheet."

Q4 2021 Key Performance Indicators (year-over-year)	U.S. Appraisal	U.S. Title	Consolidated
Revenues	\$90.9 million	\$21.8 million	\$125.6 million
Revenue Growth (Decline)	28.4%	-50.3%	0.9%
Net Income	-	-	\$9.1 million
Net Revenue ^(A) Growth (Decline)	13.0%	-49.3%	-25.5%
Adjusted EBITDA ^(A) Margin	59.5%	19.7%	31.4%

Q4 2021 Highlights

- Launched eight new lenders in U.S. Appraisal, one new channel with one of our Tier 1 clients
- Achieved double-digit market share in first channel with first Tier 1 and new Tier 2 in U.S. Title
- Launched four new lenders in U.S. Title
- Purchased 1.1 million shares under our normal course issuer bid at a cost of \$11.7 million

Fiscal 2021 Key Performance Indicators	U.S. Appraisal	U.S. Title	Consolidated
Revenues	\$322.1 million	\$129.5 million	\$504.1 million
Revenue Growth (Decline)	14.2%	-9.0%	10.6%
Net Income	-	-	\$33.1 million
Net Revenue ^(A) Growth (Decline)	3.0%	-1.8%	1.3%
Adjusted EBITDA ^(A) Margin	57.5%	36.0%	36.0%

Fiscal 2021 Highlights

- Launched 14 new lenders in U.S. Appraisal (including one Tier 2 lender)
- Launched 12 new lenders in U.S. Title (including our first Tier 1 and one Tier 2 lender)
- Purchased 7.3 million shares under our normal course issuer bid at a cost of \$97.8 million

Financial and Operational Summary

<i>(millions of dollars)</i>	Three months ended September 30					
	2021	Margin	2020	Margin	\$ Change	% Change

<i>Revenues</i>						
U.S. Appraisal	\$ 90.9		\$ 70.8		\$ 20.1	28.4%
U.S. Title	21.8		43.9		(22.1)	-50.3%
Canada	12.9		9.7		3.2	32.8%
Consolidated revenues	\$ 125.6		\$ 124.4		\$ 1.2	0.9%
<i>Net Revenue^(A)</i>						
U.S. Appraisal	\$ 18.8	20.7%	\$ 16.6	23.5%	\$ 2.2	13.0%
U.S. Title	14.7	67.1%	28.9	65.7%	(14.2)	-49.3%
Canada	1.5	11.9%	1.5	15.2%	-	3.8%
Consolidated Net Revenue ^(A)	\$ 35.0	27.9%	\$ 47.0	37.8%	\$ (12.0)	-25.5%
<i>Adjusted EBITDA^(A)</i>						
U.S. Appraisal	\$ 11.2	59.5%	\$ 9.8	59.2%	\$ 1.4	13.8%
U.S. Title	2.9	19.7%	15.4	53.4%	(12.5)	-81.2%
Canada	1.0	66.2%	1.1	71.8%	(0.1)	-4.3%
Corporate	(4.1)		(4.1)		-	0.5%
Consolidated Adjusted EBITDA ^(A)	\$ 11.0	31.4%	\$ 22.2	47.2%	\$ (11.2)	-50.5%
<i>Net income</i>						
Net income	\$ 9.1		\$ 12.7		\$ (3.6)	
Net income per diluted share	\$ 0.11		\$ 0.14		\$ (0.03)	
<i>Adjusted Net Income^(A)</i>						
Adjusted Net Income ^(A)	\$ 7.5		\$ 15.6		\$ (8.1)	
Adjusted Net Income ^(A) per diluted share	\$ 0.09		\$ 0.18		\$ (0.09)	

Financial and Operational Summary (continued)

	Year ended September 30					
	2021	Margin	2020	Margin	\$ Change	% Change
<i>(millions of dollars)</i>						
<i>Revenues</i>						
U.S. Appraisal	\$ 322.1		\$ 282.1		\$ 40.0	14.2%
U.S. Title	129.5		142.4		(12.9)	-9.0%
Canada	52.5		31.4		21.1	66.8%
Consolidated revenues	\$ 504.1		\$ 455.9		\$ 48.2	10.6%
<i>Net Revenue^(A)</i>						
U.S. Appraisal	\$ 69.3	21.5%	\$ 67.2	23.8%	\$ 2.1	3.0%
U.S. Title	88.2	68.1%	89.8	63.1%	(1.6)	-1.8%
Canada	6.8	12.9%	5.1	16.1%	1.7	34.5%
Consolidated Net Revenue ^(A)	\$ 164.3	32.6%	\$ 162.1	35.6%	\$ 2.2	1.3%
<i>Adjusted EBITDA^(A)</i>						
U.S. Appraisal	\$ 39.8	57.5%	\$ 39.9	59.3%	\$ (0.1)	-0.1%
U.S. Title	31.8	36.0%	44.3	49.3%	(12.5)	-28.2%
Canada	4.8	70.4%	3.1	61.6%	1.7	53.6%
Corporate	(17.2)		(15.1)		(2.1)	-14.3%
Consolidated Adjusted EBITDA ^(A)	\$ 59.2	36.0%	\$ 72.2	44.6%	\$ (13.0)	-18.1%
<i>Net income</i>						

Net income	\$ 33.1	\$ 42.8	\$ (9.7)
Net income per diluted share	\$ 0.39	\$ 0.47	\$ (0.08)

Adjusted Net Income^(A)

Adjusted Net Income ^(A)	\$ 40.6	\$ 49.4	\$ (8.8)
Adjusted Net Income ^(A) per diluted share	\$ 0.48	\$ 0.56	\$ (0.08)

Market Share

U.S. Appraisal - purchase mortgage originations	4.4%	4.6%
U.S. Appraisal - refinance mortgage originations	9.9%	9.3%
U.S. Title - refinance mortgage originations	1.8%	2.1%

Intention to Amend Normal Course Issuer Bid (“NCIB”)

Subject to the approval of the Toronto Stock Exchange (“TSX”), we intend to amend our current NCIB to increase the number of common shares that we may purchase for cancellation from 4,000,000 common shares to 6,000,000 common shares. Since commencement of our NCIB, we have purchased for cancellation 2,730,256 common shares. Our current NCIB commenced on June 11, 2021 and will continue until June 10, 2022, or such earlier date as we have acquired the maximum number of common shares permitted under the NCIB. Purchases will continue to be made through the facilities of the TSX and alternative Canadian trading systems at the prevailing market price at the time of acquisition. All purchased shares will be cancelled.

Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Wednesday, November 17, 2021, hosted by Chief Executive Officer Brian Lang and Chief Financial Officer Bill Herman. An accompanying slide presentation will be posted to the Investor section of our website shortly before the call.

To access the call:

- Participant Toll Free Dial-In Number: (833) 247-5856
- Participant International Dial-In Number: (647) 689-4232
- Conference ID: 1614537

To listen to the live webcast of the call:

- Go to: <https://event.on24.com/wcc/r/2947326/8817C77FFC436DABAC4D55F8671D2B4B>

The webcast will be archived and a transcript of the call will be available in the Investor section of our website following the call.

(A) Non-GAAP Measures

The non-GAAP measures used in this Press Release, including Net Revenue, Adjusted EBITDA and Adjusted Net Income 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 and discussed in the Company’s MD&A for the year ended September 30, 2021 under the heading “Non-GAAP measures”, which is incorporated by reference in this Press Release and available on SEDAR at www.sedar.com.

Real Matters financial results for the year ended September 30, 2021 are included in the annual audited consolidated financial statements and the accompanying MD&A, each of which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on our website at www.realmatters.com.

Net Revenue represents the difference between revenues and transaction costs. Net Revenue margin is calculated as Net Revenue divided by Revenues. The reconciling items between net income or loss and Net Revenue for the fourth quarter and fiscal years ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Net income	\$ 9.1	\$ 12.7	\$ 33.1	\$ 42.8
Operating expenses	24.5	25.4	107.6	92.2
Amortization	1.2	1.1	5.0	4.5
Restructuring expenses	0.1	-	0.1	-
Interest expense	0.1	0.1	0.4	0.5
Interest income	-	(0.1)	(0.2)	(0.6)

Net foreign exchange (gain) loss	(2.3)	2.6	7.4	(1.1)
(Gain) loss on fair value of warrants	(0.9)	0.3	(2.1)	5.1
Income tax expense	3.2	4.9	13.0	18.7
Net Revenue	\$ 35.0	\$ 47.0	\$ 164.3	\$ 162.1

Adjusted EBITDA represents net income or loss before stock-based compensation expense, amortization, restructuring expenses, interest expense, interest income, net foreign exchange gain or loss, gain or loss on fair value of warrants and income tax expense or recovery. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Net Revenue. The reconciling items between net income or loss and Adjusted EBITDA for the fourth quarter and fiscal years ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Net income	\$ 9.1	\$ 12.7	\$ 33.1	\$ 42.8
Stock-based compensation expense	0.5	0.6	2.5	2.3
Amortization	1.2	1.1	5.0	4.5
Restructuring expenses	0.1	-	0.1	-
Interest expense	0.1	0.1	0.4	0.5
Interest income	-	(0.1)	(0.2)	(0.6)
Net foreign exchange (gain) loss	(2.3)	2.6	7.4	(1.1)
(Gain) loss on fair value of warrants	(0.9)	0.3	(2.1)	5.1
Income tax expense	3.2	4.9	13.0	18.7
Adjusted EBITDA	\$ 11.0	\$ 22.2	\$ 59.2	\$ 72.2

The reconciling items between net income or loss and Adjusted Net Income or Loss for the fourth quarter and fiscal years ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Net income	\$ 9.1	\$ 12.7	\$ 33.1	\$ 42.8
Stock-based compensation expense	0.5	0.6	2.5	2.3
Amortization of intangibles	0.4	0.4	1.7	1.7
Restructuring expenses	0.1	-	0.1	-
Net foreign exchange (gain) loss	(2.3)	2.6	7.4	(1.1)
(Gain) loss on fair value of warrants	(0.9)	0.3	(2.1)	5.1
Related tax effects	0.6	(1.0)	(2.1)	(1.4)
Adjusted Net Income	\$ 7.5	\$ 15.6	\$ 40.6	\$ 49.4

Forward-Looking Information

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

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

The forward-looking information in this Press Release is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. A comprehensive discussion of the factors which could cause results or events to differ from current expectations can be found in the “Risk Factors” section of our Annual Information Form for the year ended September 30, 2020, which is available on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this Press Release. 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.

About Real Matters

Real Matters is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include 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 services in the U.S. Established in 2004, Real Matters' principal offices include Buffalo (NY), Middletown (RI), Scottsdale (AZ) and Markham (ON). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL. For more information, visit www.realmatters.com.

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