



Real Matters Reports Third Quarter 2020 Financial Results

July 30, 2020

(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 third quarter ended June 30, 2020.

"We reported \$20.9 million of consolidated Adjusted EBITDA^(A) in the third quarter, twice the amount we posted in the same quarter last year, and delivered consolidated Adjusted EBITDA^(A) margins of 47.6%. U.S. Title Adjusted EBITDA^(A) was \$13.3 million, surpassing the performance of our U.S. Appraisal segment for the first time, and our U.S. Appraisal segment delivered \$10.8 million of Adjusted EBITDA^(A), its highest on record. The U.S. mortgage market continued to demonstrate its resilience in the third quarter, despite the impact of COVID-19. Historical record lows in U.S. mortgage interest rates buoyed the demand for mortgage refinancing, which more than offset the temporary decline in purchase transactions as well as the significant drop in home equity and default transactions," said Real Matters Chief Executive Officer Jason Smith.

"We continue to believe that the lower interest rate environment, which we entered into prior to this crisis, has created a significant multi-year opportunity for us and that the ability of lenders to increase their underwriting capacity during COVID-19 remains the most significant hurdle to industry growth. We remain thankful for the dedication and commitment of our employees and the field professionals on our network for their ongoing diligence to support our clients and their customers throughout this pandemic," added Smith.

Q3 2020 Key Performance Indicators (year-over-year)	U.S. Appraisal	U.S. Title	Consolidated
Market Adjusted Growth	6.1%	159.7%	NA
Revenues	\$72.6 million	\$38.9 million	\$118.1 million
Revenue Growth	18.8%	70.9%	29.2%
Net Revenue ^(A) Growth	21.5%	98.8%	52.7%
Adjusted EBITDA ^(A) Margin	61.0%	52.7%	47.6%

Q3 2020 Highlights

- Launched three new lenders in U.S. Appraisal and four new lenders in U.S. Title
- Market adjusted growth of 6.1% in U.S. Appraisal (14.9% for origination only)
- Market adjusted growth of 159.7% in U.S. Title (57.2% for refinance only)
- Purchased 64 thousand shares under our normal course issuer bid ("NCIB") at a cost of \$432 thousand

Fiscal 2020 Year to Date Highlights

- Went live with 11 new lenders (including two Top 100) in U.S. Appraisal and went live in new channels with three Top 100 lenders
- Went live with 11 new lenders in U.S. Title (including one top 100)
- Market adjusted growth of 13.2% in U.S. Appraisal and 154.4% in U.S. Title
- Purchased 1.6 million shares under our NCIB at a cost of \$16.0 million

Financial and Operational Summary

(millions of dollars)

	Three months ended June 30					
	2020	Margin	2019	Margin	\$ Change	% Change
<i>Revenues</i>						
U.S. Appraisal	\$ 72.6		\$61.1	\$	11.5	18.8%
U.S. Title	38.9		22.8		16.1	70.9%
Canada	6.6		7.5		(0.9)	-13.1%

Consolidated revenues	\$ 118.1		\$91.4		\$ 26.7	29.2%
<i>Net Revenue^(A)</i>						
U.S. Appraisal	\$ 17.7	24.4%	\$14.6	23.9%	\$ 3.1	21.5%
U.S. Title	25.3	64.9%	12.7	55.8%	12.6	98.8%
Canada	0.9	14.1%	1.5	19.3%	(0.6)	-36.5%
Consolidated Net Revenue ^(A)	\$ 43.9	37.2%	\$28.8	31.4%	\$ 15.1	52.7%
<i>Adjusted EBITDA^(A)</i>						
U.S. Appraisal	\$ 10.8	61.0%	\$ 8.5	58.3%	\$ 2.3	27.1%
U.S. Title	13.3	52.7%	4.2	33.4%	9.1	213.1%
Canada	0.6	59.8%	0.9	58.6%	(0.3)	-35.3%
Corporate	(3.8)		(3.2)		(0.6)	-17.4%
Consolidated Adjusted EBITDA ^(A)	\$ 20.9	47.6%	\$10.4	36.1%	\$ 10.5	101.0%
<i>Net income</i>						
Net income	\$ 6.3		\$ 4.4		\$ 1.9	
Net income per diluted share	\$ 0.07		\$0.04		\$ 0.03	
<i>Adjusted Net Income^(A)</i>						
Adjusted Net Income ^(A)	\$ 13.5		\$ 8.6		\$ 4.9	
Adjusted Net Income ^(A) per diluted share	\$ 0.15		\$0.10		\$ 0.05	
<i>Market adjusted growth</i>						
U.S. Appraisal	6.1%					
U.S. Title	159.7%					

Financial and Operational Summary (continued)

(millions of dollars)

Nine months ended June 30

	2020	Margin	2019	Margin	\$ Change	% Change
<i>Revenues</i>						
U.S. Appraisal	\$ 211.3		\$143.8		\$ 67.5	46.9%
U.S. Title	98.5		52.5		46.0	87.4%
Canada	21.8		18.9		2.9	15.3%
Consolidated revenues	\$ 331.6		\$215.2		\$ 116.4	54.0%
<i>Net Revenue^(A)</i>						
U.S. Appraisal	\$ 50.6	23.9%	\$ 34.3	23.8%	\$ 16.3	47.8%
U.S. Title	60.9	61.9%	29.8	56.8%	31.1	104.4%
Canada	3.6	16.4%	3.6	19.2%	-	-1.6%
Consolidated Net Revenue ^(A)	\$ 115.1	34.7%	\$ 67.7	31.4%	\$ 47.4	70.1%
<i>Adjusted EBITDA^(A)</i>						
U.S. Appraisal	\$ 30.0	59.3%	\$ 16.7	48.8%	\$ 13.3	79.7%
U.S. Title	28.9	47.3%	6.1	20.3%	22.8	376.4%
Canada	2.0	57.4%	1.7	48.5%	0.3	16.5%
Corporate	(10.9)		(9.6)		(1.3)	-12.9%
Consolidated Adjusted EBITDA ^(A)	\$ 50.0	43.5%	\$ 14.9	22.0%	\$ 35.1	236.2%
<i>Net income</i>						
Net income	\$ 30.1		\$ 2.1		\$ 28.0	
Net income per diluted share	\$ 0.33		\$ 0.01		\$ 0.32	
<i>Adjusted Net Income^(A)</i>						
Adjusted Net Income ^(A)	\$ 33.8		\$ 11.4		\$ 22.4	

Adjusted Net Income^(A) per diluted share \$ **0.38** \$ 0.13 \$ 0.25

Market adjusted growth

U.S. Appraisal **13.2%**
U.S. Title **154.4%**

Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Thursday, July 30, 2020, hosted by Chief Executive Officer Jason Smith, President and Chief Operating Officer Brian Lang, and Chief Financial Officer Bill Herman. An accompanying slide presentation will be posted to the Investor Relations section of our website shortly before the call.

To access the call:

- Participant Toll Free Dial-In Number: (833) 968-2239
- Participant International Dial-In Number: (825) 312-2065
- Conference ID: 3387848

To listen to the live webcast of the call:

- Go to: <https://event.on24.com/wcc/r/2393468/0B5D3F3274A574C6F2FF21E9AAC1FC24>

The webcast will be archived and a transcript of the call will be available in the Investor Relations 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 or Loss 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 three and nine months ended June 30, 2020 available on SEDAR at www.sedar.com.

Full reports for Real Matters financial results for the three and nine months ended June 30, 2020 are outlined in the unaudited condensed financial statements and the accompanying MD&A, which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on our website at www.realmatters.com.

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, 2019 and under the heading "Important Factors Affecting our Results from Operations" and "COVID-19 – Impact on Risk Factors" in our MD&A for the three and nine months ended June 30, 2020, each of 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 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. For more information, visit www.realmatters.com.

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