

Real Matters Inc. – MD&A for the years ended September 30, 2021 and 2020

(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 16, 2021 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2021 and 2020. 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, 2020, can be found on SEDAR under the Company’s profile at www.sedar.com.

Overview

Real Matters provides residential real estate appraisal and title 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 in 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 with the goal of delivering 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 in the U.S., and the cost of a residential appraisal is typically passed on to the borrower.

We apply our network management capabilities, which are designed to focus on quality at the front-end of the process, to supply residential real estate appraisal services. Our platform is an open network where appraiser 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 appraiser for every mortgage transaction through robust credentials management and scorecarding.

Title services

We are an approved title agent with the largest title insurance underwriters in the U.S. We offer and/or coordinate various title services for refinance, purchase, short sale and real estate owned (“REO”) transactions to financial institutions in all 50 states, and the District of Columbia. 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, curative, closing and escrow services and title policy issuance. We act on behalf of 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 is critical to a consumer’s overall experience as it represents an important point of contact in a mortgage transaction. Our focus is to provide the best consumer experience by working with experienced abstractors, notaries and attorneys. 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.

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Our clients and the market we service

Clients

Our clients include many of the largest mortgage lenders in the U.S., the majority of the big five Canadian banks and some of North America’s largest insurance carriers. In the U.S., we estimate that the top 100 lenders account for approximately 75% of lender spend on appraisal and title services. Tier 1 (as defined in the “Glossary” section of this MD&A) 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. These lenders typically allocate market share to their service providers based on performance, and our performance often results in us obtaining an outsized allocation of transaction volumes from these lenders compared to our competitors.

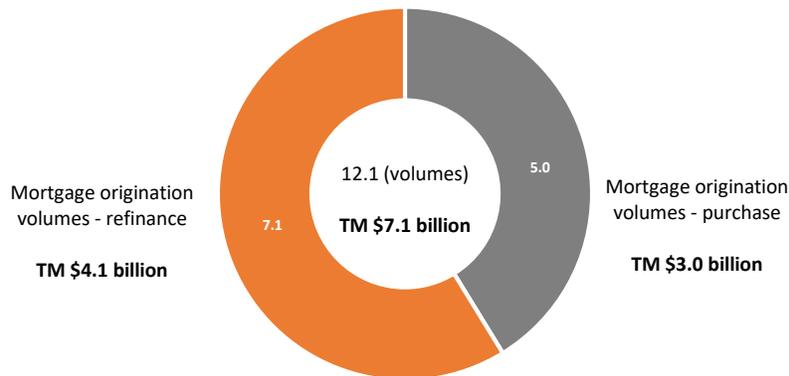
Markets

The U.S. mortgage market is one of the largest asset classes in the world and it is also highly regulated. In fiscal 2021, we estimate that there were approximately 12.1 million mortgage origination transactions (purchase and refinance) in the U.S., representing a total market (“TM”) spend of \$7.1 billion by applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2021. The graphic below outlines the estimated size of the TM for purchase and refinance mortgage originations in the U.S. for fiscal 2021 and our estimate of the TM spend for these services.

U.S. Market 2021 Total Mortgage Origination Volumes*

(expressed in millions)

*Management estimate at the end of fiscal 2021



U.S. Appraisal

Our U.S. Appraisal segment (as hereinafter defined) provides services to the largest mortgage lenders in the U.S., including all six Tier 1 mortgage lenders. We provide appraisal services to mortgage lenders across the following channels: purchase origination, refinance origination, home equity, default and REO. Purchase and refinance mortgage origination revenues accounted for 93% of fiscal 2021 revenues in our U.S. Appraisal segment.

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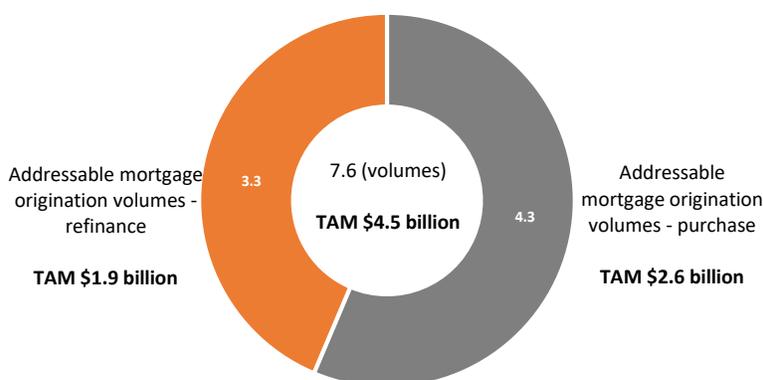
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The total addressable market (“TAM”) for our U.S. Appraisal segment excludes appraisal waivers provided by the GSEs and appraisals provided by Veterans Affairs. In fiscal 2021, we estimate that there were approximately 7.6 million appraisals provided for purchase and refinance mortgage originations in the U.S., representing a TAM spend of \$4.5 billion by applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2021. We further believe that waivers were at elevated levels in fiscal 2021, due in part to COVID-19, and will moderate back to fiscal 2019 levels by the end of fiscal 2025. The graphic below outlines the estimated size of the TAM for purchase and refinance mortgage originations in the U.S. for fiscal 2021 and our estimate of the TAM spend for these services:

U.S. Market 2021 Addressable Mortgage Origination Volumes*

(expressed in millions)

* Management estimate at the end of fiscal 2021



U.S. Title

Historically, our U.S. Title segment (as hereinafter defined) predominantly serviced Tier 3 and 4 mortgage lenders. However, over the past few years, we have added several new top 100 lenders, including the launch of our first Tier 1 client for title services in fiscal 2021. Adding clients is in line with our strategy to increase market share in this segment, with a specific focus on targeting additional Tier 1 and Tier 2 clients. Today, we predominantly supply title services for refinance, home equity, default and REO transactions. For fiscal 2021, we estimate that there were 7.1 million refinance transactions serviced representing a total and addressable market spend of \$6.4 billion by applying our average revenue per transaction for refinance mortgage originations in fiscal 2021. 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 Scottsdale, Arizona. 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, demand for housing, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. Transaction-based revenues for appraisal services in our U.S. Appraisal and Canadian segments are also impacted by the seasonal nature of the residential mortgage industry, which typically see home buyers purchase more homes in our third and fourth fiscal quarters,

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representing the three months ending June 30 and September 30, respectively. 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. As discussed above, the prevalence of appraisal waivers provided by the GSEs and the volume of appraisals provided by Veterans Affairs can also impact the size of the TAM for our U.S. Appraisal segment. Gains or losses in our clients' share of the addressable 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.

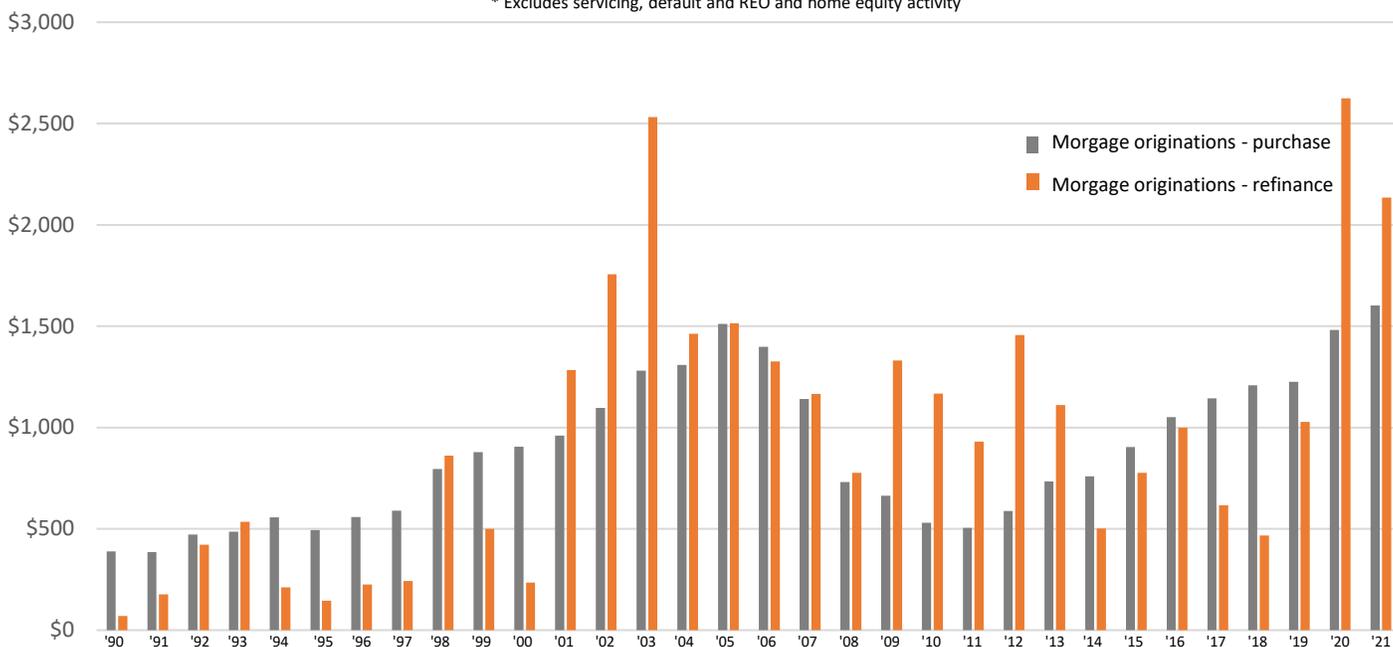
Annual mortgage origination estimates

The table below illustrates estimated U.S. mortgage origination spend for purchase and refinance transactions beginning in 1990 and 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, among 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. Over the past year and a half, the market has experienced a significant increase in market volumes for refinance activity due to record low interest rates brought about by COVID-19 and other contributing factors. We believe this historically high level of activity will present a tougher market comparison year-over-year given the recent increase in interest rates.

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 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.

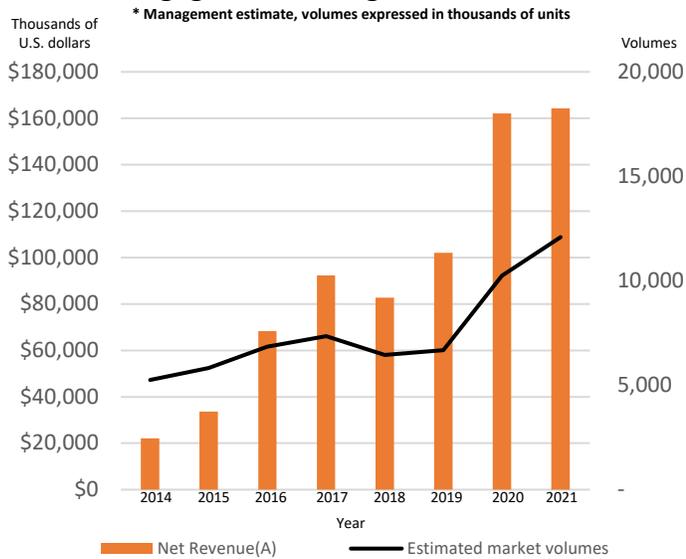
We prepare our financial statements in accordance with IFRS, however, we consider certain Non-GAAP financial measures (as hereinafter defined) useful in the assessment of our financial performance. All Non-GAAP measures are identified in this MD&A by superscript (A). Please refer to the "Non-GAAP Measures"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

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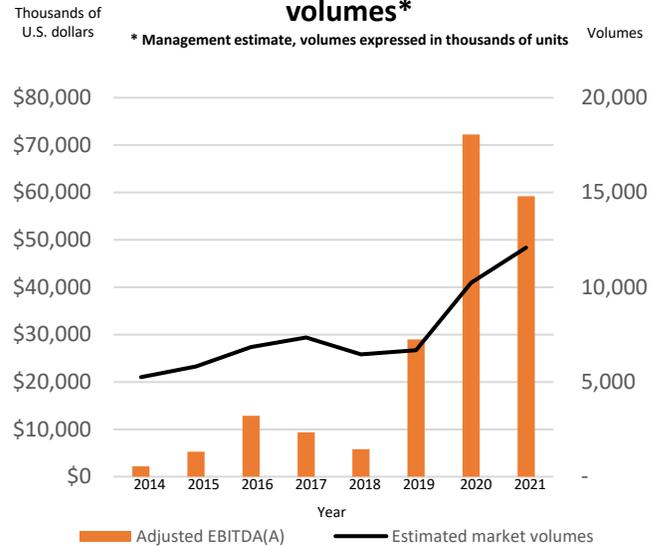
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The tables that follow compare our consolidated Net Revenue^(A), Adjusted EBITDA^(A) and Net Income or Loss to estimated mortgage market origination volumes.

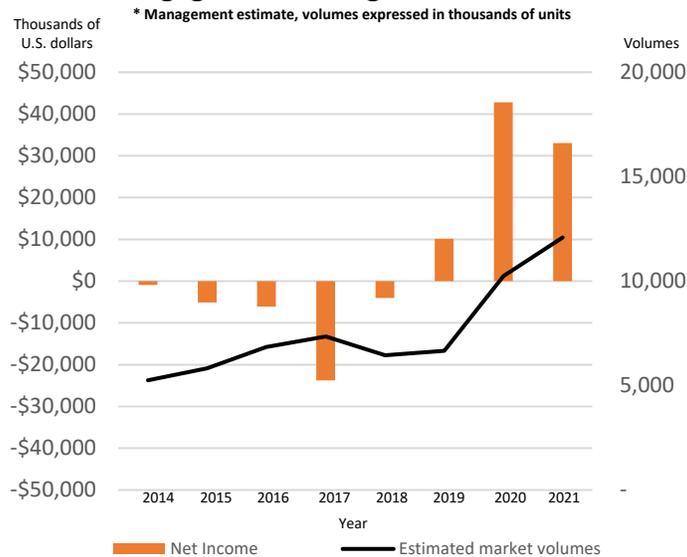
Consolidated Net Revenue^(A) relative to mortgage market origination volumes*



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



Consolidated Net Income relative to mortgage market origination volumes*

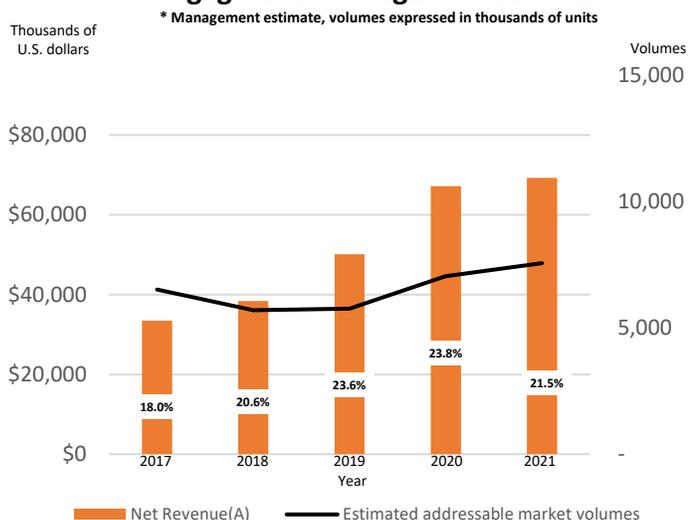


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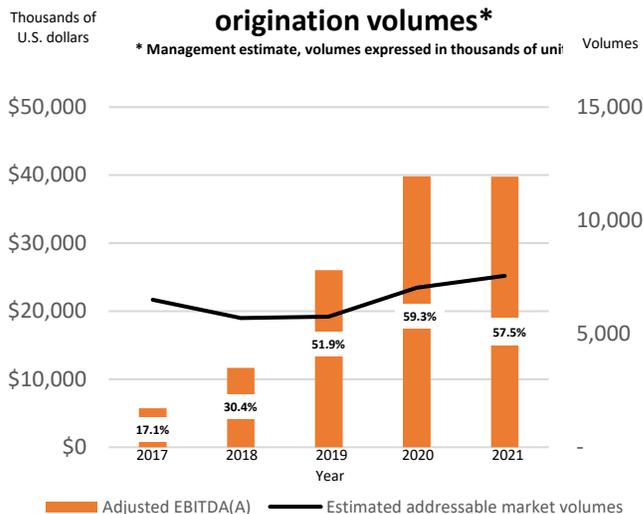
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Our U.S. Appraisal segment is our more mature business in the U.S. Servicing higher volumes on our platform from market share gains and, most recently, higher market volumes, has resulted in Net Revenue^(A) and Adjusted EBITDA^(A) margin expansion on an annual basis through fiscal 2020. However, in fiscal 2021 we recorded lower Net Revenue^(A) margins and lower Adjusted EBITDA^(A) margins while servicing higher volumes. The primary reason for this contraction is that, since the onset of COVID-19, we are servicing a higher proportion of higher value and more complex properties, which we attribute, in part, to the higher use of GSE waivers on lower value and less complex properties. We expect the use of GSE waivers to decline as interest rates rise and rate refinance volumes contract. We also expect the proportion of cash out refinance transactions to increase relative to rate refinance transactions which have historically had a higher waiver rate.

U.S. Appraisal Segment Net Revenue^(A) & Net Revenue^(A) margin vs addressable mortgage market origination volumes*

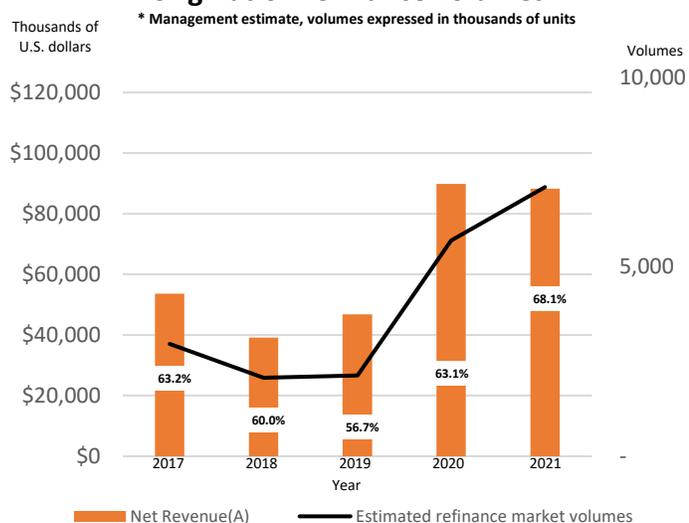


U.S. Appraisal Segment Adjusted EBITDA^(A) & Adjusted EBITDA^(A) margin vs addressable mortgage market origination volumes*

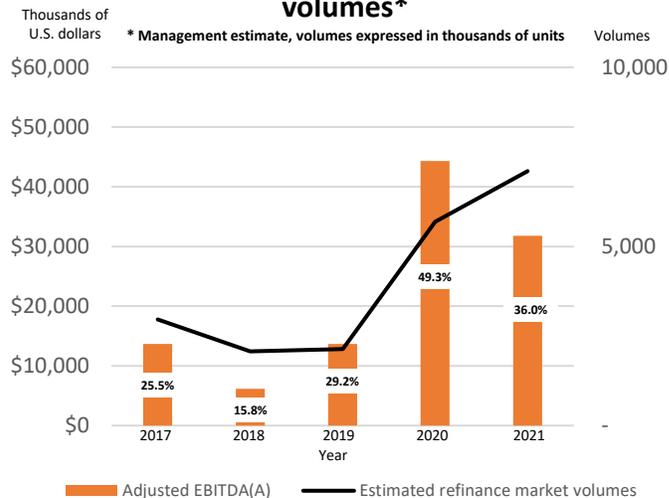


In April 2016, we entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. (“Linear”). Since then, we have ported this business to our platform and have been investing in our field professional panels with the long-term view of leveraging our network to expand Net Revenue^(A) margins similar to our U.S. Appraisal segment. Today, our U.S. Title segment predominately services refinance mortgage origination activity.

U.S. Title Segment Net Revenue^(A) & Net Revenue^(A) margins vs mortgage market origination refinance volumes*



U.S. Title Segment Adjusted EBITDA^(A) & Adjusted EBITDA^(A) margins vs mortgage market origination refinance volumes*



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Our long-term plan

We take a long-term view to manage and measure the success of our business strategies. Accordingly, our principal long-term focus is on market share growth. Over the long-term, we seek to achieve market share increases in the residential mortgage origination market. 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 2025 targets

At the end of fiscal 2020, we set targets through the end of fiscal 2025, which remain grounded in the 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 continue to be singularly focused on market share growth and Net Revenue^(A) and Adjusted EBITDA^(A) margin expansion given that we can't control the cyclical and seasonal trends that impact the residential mortgage market or our clients' share of the market.

The fiscal 2025 targets are presented for the purpose of assisting investors, security analysts and others in understanding our current objectives, strategic priorities and expectations for the future. Readers are cautioned that the fiscal 2025 targets may not be appropriate for other purposes. Our Net Revenue^(A) and Adjusted EBITDA^(A) margin targets are contingent on achieving our market share goals.

Fiscal 2025 Targets

	Purchase market share	Refinance market share	Net Revenue ^(A) margin	Adjusted EBITDA ^(A) margin
U.S. Appraisal	7-9% ⁽¹⁾	17-19% ⁽¹⁾	26-28%	65-70%
U.S. Title	-	6-8% ⁽²⁾	60-65%	50-55%
Canada	-	-	19-20%	65-70%

Note

⁽¹⁾ Market share expressed as a percentage of TAM as described above in this MD&A

⁽²⁾ Market share expressed as a percentage of TM as described above in this MD&A

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

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

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"). We have estimated changes in residential mortgage market activity, since HMDA released its report on 2019 mortgage activity, 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 2021 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 2021 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.

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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 fiscal 2025 objectives. The U.S. mortgage market is one of the largest asset classes in the world and we service large, blue-chip clients in the U.S. and Canada. Getting to first transaction with large mortgage lenders can be a lengthy process; however, once we launch a client, our strategy is to leverage our platform to outperform our competition and grow market share. This helps us solidify and expand the relationships we have with our clients over the long-term. Our business is built for scale; higher transaction volumes typically allow us to expand Net Revenue^(A) and Adjusted EBITDA^(A) margins. We have a strong balance sheet and strong 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 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.

Financial Performance

The following is a discussion of our consolidated financial condition and results of operations for the years ended September 30, 2021 and 2020.

Review of Operations - For the year ended September 30, 2021

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 (“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 foreign currency exchange (“FX”) had on our consolidated operating results for the year ended September 30, 2021.

Consolidated

	Year ended September 30				
	2021	2020	Change	% Change	
Revenues	\$ 504,107	\$ 455,945	\$ 48,162	10.6%	
Transaction costs	\$ 339,815	\$ 293,828	\$ 45,987	15.7%	
Operating expenses	\$ 107,499	\$ 92,294	\$ 15,205	16.5%	
Amortization	\$ 5,045	\$ 4,453	\$ 592	13.3%	
<i>Non-GAAP measures</i>					
Net Revenue ^(A)	\$ 164,292	\$ 162,117	\$ 2,175	1.3%	
Net Revenue ^(A) margin	32.6%	35.6%	-3.0%	-8.4%	
Adjusted EBITDA ^(A)	\$ 59,201	\$ 72,242	\$ (13,041)	-18.1%	
Adjusted EBITDA ^(A) margin	36.0%	44.6%	-8.6%	-19.3%	

Revenues

Consolidated revenues increased on higher revenues generated by our U.S. Appraisal and Canadian segments. The increase in these segments were due in part to higher addressable market volumes, net market share gains and new client additions. Canadian segment revenues also increased due to higher insurance inspection revenues as a result of the relaxation of certain COVID-19 restrictions and FX. U.S. Title segment revenues declined due to the strategic decision to prioritize our capacity to onboard our first Tier 1 and a new Tier 2 client, which aligns with our long-term market share objectives. We recorded a decline in diversified title and other revenues due to lower market activity and because we rationalized our diversified title business in fiscal 2021 to strategically focus on centralized title services.

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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 and external abstractor and quality review costs.

On a consolidated basis, transaction costs in our U.S. Appraisal and Canadian segments increased due to higher overall volumes serviced, as outlined in the consolidated revenue discussion above. Our U.S. Appraisal segment also saw an increase in transaction costs due to the mix of mortgage origination volumes serviced, which we attribute, in part, to the elevated use of GSE waivers. In our U.S. Title segment, transaction costs declined due to lower diversified and other volumes serviced, while transaction costs for centralized title services increased due to higher volumes serviced.

Operating expenses

The increase in consolidated operating expenses was due primarily to an increase in payroll and related costs of \$13.3 million. Of this increase, \$9.5 million was attributable to our U.S. Title segment and \$2.3 million was attributable to our U.S. Appraisal segment. Payroll and related costs increased in our corporate segment by \$1.4 million, while our Canadian segment recorded a modest increase in payroll and related costs of \$0.1 million. Courier and office costs increased \$0.9 million and bank charges increased \$0.6 million, due to higher centralized volumes serviced in our U.S. Title segment. Insurance expense increased \$0.4 million due to higher insurance premiums as a result of a hardening of the insurance market, while computer expenses for software security and licenses increased \$1.3 million due to the majority of our employees working from home, partially offset by a decline in travel and entertainment and marketing expenses of \$1.1 million due to COVID-19.

Amortization

Amortization increased due to the capitalization of right-of-use assets and higher amortization attributable to computer equipment due to an increase in employee headcount.

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

On a consolidated basis, Net Revenue^(A) increased on higher consolidated revenues due to higher market volumes, net market share gains and net new client additions in our U.S. Appraisal and Canadian segments, partially offset by lower Net Revenue^(A) generated by our U.S. Title segment on lower diversified title and other revenues. Consolidated Net Revenue^(A) margins declined due to margin contraction in our U.S. Appraisal and Canadian segments, partially offset by higher Net Revenue^(A) margins in our U.S. Title segment. The increase in Net Revenue^(A) margins in our U.S. Title segment was due to the proportion of closed centralized orders relative to incoming order volumes. Net Revenue^(A) margins from diversified title revenues also expanded due to the mix of services supplied while the decline in Net Revenue^(A) margins in our Canadian segment was due to a higher proportion of lower margin appraisal services supplied, appraiser onboarding in a higher volume environment and product mix. Net Revenue^(A) margins decreased in our U.S. Appraisal segment due in part to the mix of mortgage origination volumes serviced and appraiser onboarding to service higher volumes, partially offset by servicing fewer lower margin home equity volumes. We recognized lower consolidated Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins due to the capacity additions we made in our U.S. Title and U.S. Appraisal segments to service higher volumes.

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U.S. Appraisal

	Year ended September 30				
	2021		2020		Change % Change
Revenues	\$	322,109	\$	282,101	\$ 40,008 14.2%
Transaction costs	\$	252,846	\$	214,877	\$ 37,969 17.7%
Operating expenses	\$	29,466	\$	27,373	\$ 2,093 7.6%
Amortization	\$	1,485	\$	1,509	\$ (24) -1.6%
<i>Non-GAAP measures</i>					
Net Revenue ^(A)	\$	69,263	\$	67,224	\$ 2,039 3.0%
Net Revenue ^(A) margin		21.5%		23.8%	-2.3% -9.7%
Adjusted EBITDA ^(A)	\$	39,797	\$	39,851	\$ (54) -0.1%
Adjusted EBITDA ^(A) margin		57.5%		59.3%	-1.8% -3.0%
Revenues - purchase origination	\$	113,437	\$	97,807	\$ 15,630 16.0%
Revenues - refinance origination	\$	187,140	\$	155,341	\$ 31,799 20.5%
Revenues - other	\$	21,532	\$	28,953	\$ (7,421) -25.6%

Market share - purchase mortgage originations

(expressed in whole units)	Year ended September 30	
	2021	2020
Estimated market volumes	4,985,040	4,543,950
Non-addressable market volumes	(722,452)	(602,925)
Estimated addressable market volumes	4,262,588	3,941,025
Real Matters volumes	185,475	180,324
Real Matters market share	4.4%	4.6%

Market share - refinance mortgage originations

(expressed in whole units)	Year ended September 30	
	2021	2020
Estimated market volumes	7,102,726	5,693,800
Non-addressable market volumes	(3,804,002)	(2,592,664)
Estimated addressable market volumes	3,298,724	3,101,136
Real Matters volumes	326,116	288,975
Real Matters market share	9.9%	9.3%

Revenues

U.S. Appraisal revenues increased due to higher origination (purchase and refinance) market volumes, net market share gains and new client additions. Other revenues declined due to lower market volumes for home equity and default services. We estimate that the addressable mortgage origination market was up 7.4% year-over-year which compares to an 18.7% increase in origination revenues (purchase and refinance).

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher volumes and the mix of mortgage origination volumes serviced, as outlined in the revenue discussion above.

Operating expenses

Operating expenses in our U.S. Appraisal segment increased due to an increase in payroll and related costs of \$2.3 million to service higher volumes. Computer expenses for software security and licenses increased \$0.4 million due to the majority of our employees working from home, partially offset by a decline in travel and entertainment and marketing expenses of \$0.6 million, each due to COVID-19.

Amortization

Amortization was flat between fiscal 2021 and fiscal 2020.

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

Our U.S. Appraisal segment serviced higher origination volumes due to higher market volumes, net market share gains and new client additions, partially offset by lower other revenues. Net Revenue^(A) increased modestly compared to fiscal 2020 due to lower Net Revenue^(A) margins from the mix of mortgage origination volumes serviced and appraiser onboarding to service higher volumes, partially offset by servicing fewer lower margin home equity volumes. Adjusted EBITDA^(A) margins contracted on lower Net Revenue^(A) margins and the capacity additions we made to service higher volumes in fiscal 2021.

U.S. Title

	Year ended September 30					
	2021		2020		Change	% Change
Revenues	\$	129,538	\$	142,397	\$ (12,859)	-9.0%
Transaction costs	\$	41,299	\$	52,552	\$ (11,253)	-21.4%
Operating expenses	\$	56,455	\$	45,554	\$ 10,901	23.9%
Amortization	\$	2,954	\$	2,384	\$ 570	23.9%
<i>Non-GAAP measures</i>						
Net Revenue ^(A)	\$	88,239	\$	89,845	\$ (1,606)	-1.8%
Net Revenue ^(A) margin		68.1%		63.1%	5.0%	7.9%
Adjusted EBITDA ^(A)	\$	31,784	\$	44,291	\$ (12,507)	-28.2%
Adjusted EBITDA ^(A) margin		36.0%		49.3%	-13.3%	-27.0%
Revenues - centralized title	\$	116,866	\$	109,497	\$ 7,369	6.7%
Revenues - diversified title	\$	7,232	\$	22,798	\$ (15,566)	-68.3%
Revenues - other	\$	5,440	\$	10,102	\$ (4,662)	-46.1%

Market share - refinance mortgage originations

(expressed in whole units)	Year ended September 30	
	2021	2020
Estimated market volumes	7,102,726	5,693,800
Real Matters volumes ⁽¹⁾	129,680	118,388
Real Matters market share	1.8%	2.1%

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

Revenues

Centralized title revenues increased but were tempered by the transition of our centralized title client base due to the launch of our first Tier 1 and roll-out of a new Tier 2 client. The rationalization of our diversified title business and lower market activity for home equity services resulted in a decrease in revenues year-over-year for these service offerings. In the fourth quarter of fiscal 2020, in light of a high level of refinance market volume and existing capacity constraints at the time, we made strategic adjustments to our centralized title client base to create capacity for new franchise title clients that align with our long-term market share objectives. Revenues attributable to centralized title services increased \$7.4 million to \$116.9 million, while diversified title revenues totaled \$7.2 million, representing a decline of \$15.6 million compared to fiscal 2020. The decline in diversified title revenues was due to lower commercial, search and capital markets revenue, attributed to lower market volumes and our strategic decision to rationalize this service offering and reallocate internal resources to support our centralized title service offering. The decline in other revenues was due to lower market activity for home equity services. We estimate the refinance mortgage origination market increased 24.7% year-over-year which compares to centralized title revenue growth of 6.7%.

Transaction costs

Transaction costs in our U.S. Title segment declined due to lower diversified and other volumes serviced, while transaction costs for centralized title services increased on higher volumes serviced.

Operating expenses

Operating expenses in our U.S. Title segment increased due to an increase in payroll and related costs of \$9.5 million, reflecting the capacity additions we made to service higher volumes, and to service the launch of our first Tier 1 and an additional Tier 2 title client this year. Office and courier costs increased \$0.9 million and bank charges increased \$0.5 million, due to the increase in centralized

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title volumes serviced. Insurance expense increased \$0.3 million due to higher insurance premiums as a result of a hardening of the insurance market, which was partially offset by a decline in travel and entertainment expense of \$0.2 million due to COVID-19.

Amortization

Amortization increased due to the capitalization of right-of-use assets and higher amortization attributable to computer equipment due to an increase in employee headcount.

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

Our U.S. Title segment recorded lower Net Revenue^(A) due to lower diversified and other volumes serviced, while the increase in centralized title revenues partially offset this decline. The expansion of Net Revenue^(A) margins was due to the proportion of centralized title volumes closed relative to those received in the year. Net Revenue^(A) margins for diversified title revenues also expanded due to the mix of services supplied. Operating expenses increased due to higher payroll and related costs, due to the capacity additions we made to service higher volumes, and to service the launch of our first Tier 1 and an additional Tier 2 title client this year which resulted in lower Adjusted EBITDA^(A) and the contraction of Adjusted EBITDA^(A) margins year-over-year.

Canada

	Year ended September 30						
	2021		2020		Change	% Change	
Revenues	\$	52,460	\$	31,447	\$	21,013	66.8%
Transaction costs	\$	45,670	\$	26,399	\$	19,271	73.0%
Operating expenses	\$	2,013	\$	1,937	\$	76	3.9%
Amortization	\$	-	\$	-	\$	-	0.0%
<i>Non-GAAP measures</i>							
Net Revenue ^(A)	\$	6,790	\$	5,048	\$	1,742	34.5%
Net Revenue ^(A) margin		12.9%		16.1%		-3.2%	-19.9%
Adjusted EBITDA ^(A)	\$	4,777	\$	3,111	\$	1,666	53.6%
Adjusted EBITDA ^(A) margin		70.4%		61.6%		8.8%	14.3%

Revenues

Revenues in our Canadian segment increased due to higher appraisal volumes serviced from market share gains, higher market volumes and FX, including modestly higher revenues from insurance inspection services due to the relaxation of certain COVID-19 restrictions. Canadian segment revenues from appraisal and insurance inspection services were \$49.4 million and \$3.1 million, respectively, in fiscal 2021, compared to \$28.9 million and \$2.6 million in fiscal 2020.

Transaction costs

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

Operating expenses

Canadian segment operating expenses were flat between fiscal 2021 and fiscal 2020.

Amortization

Amortization was unchanged between fiscal 2021 and fiscal 2020.

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

Net Revenue^(A) increased due to higher appraisal volumes from market share gains, higher market volumes and higher insurance inspection revenues serviced, while Net Revenue^(A) margins declined due to a higher proportion of lower margin appraisal services supplied, appraiser onboarding in a higher volume environment and product mix. Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins increased as a result of leveraging our operations in a higher overall volume environment.

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Corporate and other items

	Year ended September 30				
	2021	2020	Change	% Change	
Operating expenses	\$ 19,565	\$ 17,430	\$ 2,135	12.2%	
Amortization	\$ 606	\$ 560	\$ 46	8.2%	
Restructuring expenses	\$ 76	\$ -	\$ 76	0.0%	
Interest expense	\$ 430	\$ 493	\$ (63)	-12.8%	
Interest income	\$ (151)	\$ (611)	\$ 460	-75.3%	
Net foreign exchange loss (gain)	\$ 7,359	\$ (1,077)	\$ 8,436	-783.3%	
(Gain) loss on fair value of warrants	\$ (2,084)	\$ 5,101	\$ (7,185)	-140.9%	
Income tax expense	\$ 13,038	\$ 18,666	\$ (5,628)	-30.2%	

Operating expenses

Corporate operating expenses increased due to an increase in payroll and related costs of \$1.4 million, representing net new employees, salary increases and FX of \$0.8 million. Data centre and computer costs for software security, increased server capacity and licenses increased \$0.6 million, in the aggregate, due to higher transaction volumes and the majority of our employee base working from home. Insurance costs increased \$0.2 million due to higher insurance premiums as a result of a hardening of the insurance market.

Amortization

The modest increase in amortization expense was attributable to new computer equipment.

Restructuring expenses

Restructuring expenses represent employee severance costs attributable to the rationalization of our diversified title service offerings.

Interest expense

Interest expense was largely unchanged between fiscal 2021 and fiscal 2020. However, the modest decline was attributable to lower standby fees incurred as a result of our credit facility maturing in April 2021.

Interest income

The decline in interest income was attributable to lower interest earned on invested cash amounts, due to the impact COVID-19 has had on investment returns, and lower invested cash balances due to share purchases under our NCIB (defined below) in fiscal 2021.

Net foreign exchange loss (gain)

Net foreign exchange gains or losses represent non-cash gains or losses on long-term financing arrangements between our Canadian and U.S. entities within the consolidated group of companies and gains or losses recorded on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. The loss in fiscal 2021 and the comparable gain in fiscal 2020 were the result of changes in the FX rate between the Canadian and U.S. dollar.

(Gain) loss on fair value of warrants

Our share price declined in fiscal 2021, which required us to reduce our warrant liability accrual and recognize a corresponding gain on the fair value of warrants. In fiscal 2020 our share price increased, which resulted in us recognizing a loss on the fair value of warrants.

Income tax expense

We recorded income before income tax expense of \$46.1 million in fiscal 2021. Income tax calculated at the statutory income tax rate resulted in income tax expense of \$12.2 million, and an additional \$0.7 million of income tax expense was attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses, non-taxable income and adjustments for prior periods added \$1.0 million to income tax expense, offset by a state tax rate differential of \$1.0 million.

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Review of Operations - For the three months ended September 30, 2021

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, 2021.

Consolidated

	Three months ended September 30						
	2021		2020		Change	% Change	
Revenues	\$	125,583	\$	124,431	\$	1,152	0.9%
Transaction costs	\$	90,592	\$	77,439	\$	13,153	17.0%
Operating expenses	\$	24,478	\$	25,262	\$	(784)	-3.1%
Amortization	\$	1,249	\$	1,120	\$	129	11.5%
<i>Non-GAAP measures</i>							
Net Revenue ^(A)	\$	34,991	\$	46,992	\$	(12,001)	-25.5%
Net Revenue ^(A) margin		27.9%		37.8%		-9.9%	-26.2%
Adjusted EBITDA ^(A)	\$	10,987	\$	22,194	\$	(11,207)	-50.5%
Adjusted EBITDA ^(A) margin		31.4%		47.2%		-15.8%	-33.5%

Revenues

Consolidated revenues increased on higher revenues generated by our U.S. Appraisal and Canadian segments. The increase in these segments were due in part to higher addressable market volumes, net market share gains and new client additions. Canadian segment revenues also increased due to higher insurance inspection revenues as a result of the relaxation of certain COVID-19 restrictions and FX. U.S. Title segment revenues declined due to the strategic decision to prioritize our capacity to onboard our first Tier 1 and a new Tier 2 client, which aligns with our long-term market share objectives. We recorded a decline in diversified title and other revenues due to lower market activity and we rationalized our diversified title business in fiscal 2021 to strategically focus on centralized title services.

Transaction costs

On a consolidated basis, transaction costs in our U.S. Appraisal and Canadian segments increased due to higher overall volumes serviced, as outlined in the consolidated revenue discussion above. Our U.S. Appraisal segment also saw an increase in transaction costs due to the mix of mortgage origination volumes serviced, which we attribute, in part, to the elevated use of GSE waivers. In our U.S. Title segment, transaction costs declined due to lower diversified and other volumes serviced, while transaction costs for centralized title services declined due to lower volumes serviced as outlined in the consolidated revenue discussion above.

Operating expenses

The decline in consolidated operating expenses was due to our U.S. Title segment which saw lower payroll and related costs of \$1.0 million as a result of lower diversified title and other services stemming from lower market activity and the rationalization of our diversified title business in fiscal 2021 to strategically focus on centralized title services. Lower centralized title volumes serviced also contributed to the decline in consolidated operating expenses, which included lower courier and office costs of \$0.6 million and lower bank charges of \$0.1 million. The decline in consolidated operating expenses from our U.S. Title segment were partially offset by higher operating expenses incurred in our U.S. Appraisal segment due to higher payroll and related costs of \$0.6 million to service higher volumes and modestly higher computer and communication costs of \$0.1 million. Canadian segment operating expenses increased a modest \$0.1 million due to higher payroll and related costs to service higher volumes, and FX.

Amortization

Amortization increased due to the capitalization of right-of-use assets and higher amortization attributable to computer equipment due to an increase in employee headcount.

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

On a consolidated basis, Net Revenue^(A) and Adjusted EBITDA^(A) declined due to lower revenues recorded in our U.S. Title segment. The decline in consolidated Net Revenue^(A) margins was due to a lower proportion of revenue generated by our U.S. Title segment, partially offset by higher Net Revenue^(A) margins recognized in this segment due to the proportion of closed centralized orders relative to incoming order volumes in the quarter. Net Revenue^(A) margins decreased in our U.S. Appraisal segment due in part to the mix of property volumes serviced and appraiser onboarding to service higher volumes, partially offset by servicing fewer lower margin home equity volumes. Net Revenue^(A) margins in our Canadian segment declined due to appraiser onboarding in a higher volume

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environment and product mix. Consolidated Adjusted EBITDA^(A) margins declined due to lower volumes serviced in our U.S. Title segment.

U.S. Appraisal

	Three months ended September 30			
	2021	2020	Change	% Change
Revenues	\$ 90,877	\$ 70,801	\$ 20,076	28.4%
Transaction costs	\$ 72,073	\$ 54,166	\$ 17,907	33.1%
Operating expenses	\$ 7,609	\$ 6,794	\$ 815	12.0%
Amortization	\$ 344	\$ 386	\$ (42)	-10.9%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 18,804	\$ 16,635	\$ 2,169	13.0%
Net Revenue ^(A) margin	20.7%	23.5%	-2.8%	-11.9%
Adjusted EBITDA ^(A)	\$ 11,195	\$ 9,841	\$ 1,354	13.8%
Adjusted EBITDA ^(A) margin	59.5%	59.2%	0.3%	0.5%
Revenues - purchase origination	\$ 31,548	\$ 27,409	\$ 4,139	15.1%
Revenues - refinance origination	\$ 53,728	\$ 37,182	\$ 16,546	44.5%
Revenues - other	\$ 5,601	\$ 6,210	\$ (609)	-9.8%

Revenues

U.S. Appraisal revenues increased due to higher origination (purchase and refinance) market volumes, net market share gains and new client additions. Other revenues declined due to lower market volumes for home equity and default services. We estimate that the addressable mortgage origination market was up 11.6% year-over-year which compares to a 32.0% year-over-year increase in origination revenues (purchase and refinance).

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher volumes and the mix of mortgage origination volumes serviced, as outlined in the revenue discussion above.

Operating expenses

Operating expenses in our U.S. Appraisal segment increased due to an increase in payroll and related costs of \$0.6 million to service higher volumes and modestly higher computer and communication costs of \$0.1 million.

Amortization

Amortization was flat between the fourth quarter of fiscal 2021 and the fourth quarter of fiscal 2020.

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

Our U.S. Appraisal segment serviced higher origination volumes due to higher market volumes, net market share gains and new client additions, partially offset by lower other revenues. Net Revenue^(A) margins declined, due in part to the mix of mortgage origination volumes serviced and appraiser onboarding to service higher volumes, partially offset by servicing fewer lower margin home equity volumes. Adjusted EBITDA^(A) margins expanded as result of leveraging our operations.

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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

	Three months ended September 30			
	2021	2020	Change	% Change
Revenues	\$ 21,831	\$ 43,935	\$ (22,104)	-50.3%
Transaction costs	\$ 7,178	\$ 15,056	\$ (7,878)	-52.3%
Operating expenses	\$ 11,760	\$ 13,452	\$ (1,692)	-12.6%
Amortization	\$ 760	\$ 586	\$ 174	29.7%
<i>Non-GAAP measures</i>				
Net Revenue ^(A)	\$ 14,653	\$ 28,879	\$ (14,226)	-49.3%
Net Revenue ^(A) margin	67.1%	65.7%	1.4%	2.1%
Adjusted EBITDA ^(A)	\$ 2,893	\$ 15,427	\$ (12,534)	-81.2%
Adjusted EBITDA ^(A) margin	19.7%	53.4%	-33.7%	-63.1%
Revenues - centralized title	\$ 19,333	\$ 38,440	\$ (19,107)	-49.7%
Revenues - diversified title	\$ 1,175	\$ 3,867	\$ (2,692)	-69.6%
Revenues - other	\$ 1,323	\$ 1,628	\$ (305)	-18.7%

Revenues

Revenues in our U.S. Title segment declined due to the transition of our centralized title client base resulting from the launch of our first Tier 1 and roll-out of a new Tier 2 client, the rationalization of our diversified title business and lower market activity for home equity services. In the fourth quarter of fiscal 2020, in light of a high level of refinance market volumes and existing capacity constraints at the time, as well as onboarding a new Tier 2 client and the prospective launch of our first Tier 1 client, we made strategic adjustments to create capacity for new franchise title clients that align with our long-term market share objectives. Revenues attributable to centralized title services declined \$19.1 million to \$19.3 million, while diversified title revenues totaled \$1.2 million, representing a decline of \$2.7 million compared to the fourth quarter of fiscal 2020. The decrease in diversified title revenues was due to lower commercial, search and capital markets revenue, attributed to lower market volumes and our strategic decision to rationalize this service offering and reallocate internal resources to support our centralized title service offering. The decline in other revenues was due to lower market activity for home equity services. We estimate the refinance mortgage origination market declined 7.1% year-over-year which compares to a decline in centralized title revenue of 49.7%. The higher comparative interest rate environment in the fourth quarter of fiscal 2021 contributed to the decline in market volumes for refinance activity.

Transaction costs

Transaction costs in our U.S. Title segment declined due to lower centralized, diversified and other volumes serviced as outlined in the revenue discussion above.

Operating expenses

Operating expenses declined in our U.S. Title segment on lower payroll and related costs of \$1.0 million due to lower diversified title and other services stemming from lower market activity and the rationalization of our diversified title business in fiscal 2021 to strategically focus on centralized title services. Lower centralized title volumes serviced also contributed to the decline in operating expenses year-over-year, which included lower courier and office costs of \$0.6 million and lower bank charges of \$0.1 million.

Amortization

Amortization increased due to the capitalization of right-of-use assets and higher amortization attributable to computer equipment.

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

Our U.S. Title segment recorded lower Net Revenue^(A) due to the decline in centralized volumes serviced and lower diversified and other revenues generated as outlined in the revenue discussion above. Net Revenue^(A) margins expanded due to the proportion of closed centralized orders relative to incoming orders received in the quarter. Net Revenue^(A) margins for diversified title revenues also expanded due to the mix of services supplied. Operating expenses declined on lower payroll and related costs due to lower volumes serviced across our centralized, diversified and other service offerings which culminated in lower Adjusted EBITDA^(A) and the contraction of Adjusted EBITDA^(A) margins year-over-year.

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Canada

	Three months ended September 30						
	2021		2020		Change	% Change	
Revenues	\$	12,875	\$	9,695	\$	3,180	32.8%
Transaction costs	\$	11,341	\$	8,217	\$	3,124	38.0%
Operating expenses	\$	519	\$	417	\$	102	24.5%
Amortization	\$	-	\$	-	\$	-	0.0%
<i>Non-GAAP measures</i>							
Net Revenue ^(A)	\$	1,534	\$	1,478	\$	56	3.8%
Net Revenue ^(A) margin		11.9%		15.2%		-3.3%	-21.7%
Adjusted EBITDA ^(A)	\$	1,015	\$	1,061	\$	(46)	-4.3%
Adjusted EBITDA ^(A) margin		66.2%		71.8%		-5.6%	-7.8%

Revenues

Revenues in our Canadian segment increased due to higher appraisal volumes serviced from market share gains, higher market volumes, and FX, including higher insurance inspection revenues as a result of the relaxation of certain COVID-19 restrictions. Canadian revenues from appraisal and insurance inspection services were \$12.1 million and \$0.8 million, respectively, in the fourth quarter of fiscal 2021, compared to \$9.1 million and \$0.6 million in the same quarter last year.

Transaction costs

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

Operating expenses

The increase in Canadian segment operating expenses was due to a modest increase in payroll and related costs and FX.

Amortization

Amortization was unchanged between the fourth quarter of fiscal 2021 and the fourth quarter of fiscal 2020.

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

Net Revenue^(A) increased modestly due to higher appraisal volumes from market share gains, higher market volumes and higher insurance inspection revenues serviced, while Net Revenue^(A) margins declined due to appraiser onboarding in a higher volume environment and product mix. Adjusted EBITDA^(A) and Adjusted EBITDA^(A) margins declined due to lower Net Revenue^(A) margins and modestly higher payroll and related costs to service higher volumes.

Corporate and other items

	Three months ended September 30						
	2021		2020		Change	% Change	
Operating expenses	\$	4,590	\$	4,599	\$	(9)	-0.2%
Amortization	\$	145	\$	148	\$	(3)	-2.0%
Restructuring expenses	\$	76	\$	-	\$	76	0.0%
Interest expense	\$	79	\$	111	\$	(32)	-28.8%
Interest income	\$	(18)	\$	(71)	\$	53	-74.6%
Net foreign exchange (gain) loss	\$	(2,300)	\$	2,622	\$	(4,922)	-187.7%
(Gain) loss on fair value							
of warrants	\$	(863)	\$	280	\$	(1,143)	-408.2%
Income tax expense	\$	3,235	\$	4,940	\$	(1,705)	-34.5%

Operating expenses

Corporate operating expenses for fiscal 2021 were flat compared to fiscal 2020. Lower payroll and related costs of \$0.2 million were offset by higher insurance costs of \$0.1 million due to higher insurance premiums as a result of a hardening of the insurance market and an increase in computer expense for software security and licenses of \$0.1 million due to the majority of our employee base working from home.

Amortization

Amortization expense for fiscal 2021 was flat to fiscal 2020.

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Restructuring expenses

Restructuring expenses represent employee severance costs attributable to our strategic decision to rationalize our diversified title service offerings.

Interest expense

Interest expense was largely unchanged between fiscal 2021 and fiscal 2020. The modest decline was attributable to lower standby fees incurred as a result of our credit facility maturing in April 2021.

Interest income

The decline in interest income was attributable to lower interest earned on invested cash amounts, due to the impact COVID-19 has had on investment returns, and lower invested cash balances due to share purchases under our NCIB (defined below) in fiscal 2021.

Net foreign exchange (gain) loss

The gain in the fourth quarter of fiscal 2021 and comparable loss in the fourth quarter of fiscal 2020 were the result of changes in the FX rate between the Canadian and U.S. dollar.

(Gain) loss on fair value of warrants

Our share price declined in the fourth quarter of fiscal 2021, which required us to reduce our warrant liability accrual and recognize a corresponding gain on the fair value of warrants. In the fourth quarter of fiscal 2020 our share price increased, which resulted in us recognizing a loss on the fair value of warrants.

Income tax expense

We recorded income before income tax expense of \$12.3 million in the fourth quarter of fiscal 2021. Income tax calculated at the statutory income tax rate resulted in income tax expense of \$3.3 million, and an additional \$0.1 million of income tax expense was attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses and non-taxable income partially offset income tax expense by \$0.1 million.

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, 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 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, unrealized net foreign exchange gain or loss, gain or loss on the fair value of warrants and deferred income taxes) or non-operating (in the case of restructuring 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 and our board of directors, and represents a measure of our operating performance to value our Company relative to our peers. The underlying reasons for excluding each item are as follows:

Stock-based compensation expense: These costs represent non-cash expenses for equity settled 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.

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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)

Restructuring expenses: These expenses represent non-operating costs, which are primarily attributable to employee severance. These expenses are not indicative of continuing operations and therefore represent 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 reflect our treasury and financing activities and represents 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 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 represents a different class of expense or recovery than those included in Adjusted EBITDA.

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the consolidated statements of operations and comprehensive income or loss for the three months and years ended September 30, 2021 and 2020. The reconciling items between net income or loss and Adjusted EBITDA for the three months and 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	\$ 9,055	\$ 12,728	\$ 33,080	\$ 42,798
Stock-based compensation expense	474	464	2,408	2,419
Amortization	1,249	1,120	5,045	4,453
Restructuring expenses	76	-	76	-
Interest expense	79	111	430	493
Interest income	(18)	(71)	(151)	(611)
Net foreign exchange (gain) loss	(2,300)	2,622	7,359	(1,077)
(Gain) loss on fair value of warrants	(863)	280	(2,084)	5,101
Income tax expense	3,235	4,940	13,038	18,666
Adjusted EBITDA	\$ 10,987	\$ 22,194	\$ 59,201	\$ 72,242

Management calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Revenues	\$ 125,583	\$ 124,431	\$ 504,107	\$ 455,945
Less: Transaction costs	90,592	77,439	339,815	293,828
Less: Operating expenses	24,478	25,262	107,499	92,294
Add: Stock-based compensation expense	474	464	2,408	2,419
Adjusted EBITDA	\$ 10,987	\$ 22,194	\$ 59,201	\$ 72,242

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Adjusted EBITDA by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
U.S. Appraisal	\$ 11,195	\$ 9,841	\$ 39,797	\$ 39,851
U.S. Title	2,893	15,427	31,784	44,291
Canada	1,015	1,061	4,777	3,111
Corporate (excluding stock-based compensation expense)	(4,116)	(4,135)	(17,157)	(15,011)
Consolidated Adjusted EBITDA	\$ 10,987	\$ 22,194	\$ 59,201	\$ 72,242

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	
	2021	2020	2021	2020
U.S. Appraisal	59.5%	59.2%	57.5%	59.3%
U.S. Title	19.7%	53.4%	36.0%	49.3%
Canada	66.2%	71.8%	70.4%	61.6%
Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation expense)	31.4%	47.2%	36.0%	44.6%

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 which include: appraisal costs, various processing fees, 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, 2021 and 2020 were as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Net income	\$ 9,055	\$ 12,728	\$ 33,080	\$ 42,798
Operating expenses	24,478	25,262	107,499	92,294
Amortization	1,249	1,120	5,045	4,453
Restructuring expenses	76	-	76	-
Interest expense	79	111	430	493
Interest income	(18)	(71)	(151)	(611)
Net foreign exchange (gain) loss	(2,300)	2,622	7,359	(1,077)
(Gain) loss on fair value of warrants	(863)	280	(2,084)	5,101
Income tax expense	3,235	4,940	13,038	18,666
Net Revenue	\$ 34,991	\$ 46,992	\$ 164,292	\$ 162,117

Management calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Revenues	\$ 125,583	\$ 124,431	\$ 504,107	\$ 455,945
Less: Transaction costs	90,592	77,439	339,815	293,828
Net Revenue	\$ 34,991	\$ 46,992	\$ 164,292	\$ 162,117

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Net Revenue by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
U.S. Appraisal	\$ 18,804	\$ 16,635	\$ 69,263	\$ 67,224
U.S. Title	14,653	28,879	88,239	89,845
Canada	1,534	1,478	6,790	5,048
Consolidated Net Revenue	\$ 34,991	\$ 46,992	\$ 164,292	\$ 162,117

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	
	2021	2020	2021	2020
U.S. Appraisal	20.7%	23.5%	21.5%	23.8%
U.S. Title	67.1%	65.7%	68.1%	63.1%
Canada	11.9%	15.2%	12.9%	16.1%
Consolidated Net Revenue margin	27.9%	37.8%	32.6%	35.6%

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, restructuring expenses, net foreign exchange gain or loss, gain or loss on fair value of warrants, 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, unrealized net foreign exchange gain or loss and gain or loss on fair value of warrants) or non-operating (in the case of restructuring 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, 2021 and 2020 were as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Net income	\$ 9,055	\$ 12,728	\$ 33,080	\$ 42,798
Stock-based compensation expense	474	464	2,408	2,419
Amortization of intangibles	404	432	1,699	1,727
Restructuring expenses	76	-	76	-
Net foreign exchange (gain) loss	(2,300)	2,622	7,359	(1,077)
(Gain) loss on fair value of warrants	(863)	280	(2,084)	5,101
Related tax effects	703	(893)	(1,896)	(1,545)
Adjusted Net Income	\$ 7,549	\$ 15,633	\$ 40,642	\$ 49,423

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, restructuring expenses, interest expense net of interest paid and net foreign currency exchange gain or loss net of unrealized foreign currency exchange gain or loss on internal financing arrangements. 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 the purchase 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 restructuring expenses). 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 differences attributable to the timing of cash tax or interest payments, and have reduced

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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 (defined below) and future acquisitions or investment.

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	
	2021	2020	2021	2020
Cash generated from operating activities	\$ (6,912)	\$ 18,989	\$ 25,021	\$ 74,689
Less: changes in non-cash working capital items	(13,451)	3,461	(16,438)	8,364
Less: purchase of property and equipment	47	449	3,025	1,828
Add: income taxes paid	4,467	5,509	13,767	6,467
Less: current income tax expense	1,775	4,430	12,099	7,528
Add: restructuring expenses	76	-	76	-
Less: interest expense net of interest paid	(1)	15	35	86
Add: net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements	(157)	1,132	3,655	(346)
Free Cash Flow	\$ 9,104	\$ 17,275	\$ 43,798	\$ 63,004

Management calculates Free Cash Flow as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Adjusted EBITDA	\$ 10,987	\$ 22,194	\$ 59,201	\$ 72,242
Less: interest expense	79	111	430	493
Add: interest income	18	71	151	611
Less: current income tax expense	1,775	4,430	12,099	7,528
Less: purchase of property and equipment	47	449	3,025	1,828
Free Cash Flow	\$ 9,104	\$ 17,275	\$ 43,798	\$ 63,004

Free Cash Flow Conversion is calculated as follows:

	Three months ended September 30		Year ended September 30	
	2021	2020	2021	2020
Free Cash Flow	\$ 9,104	\$ 17,275	\$ 43,798	\$ 63,004
Divided by: Adjusted EBITDA	\$ 10,987	\$ 22,194	\$ 59,201	\$ 72,242
Free Cash Flow Conversion	82.9%	77.8%	74.0%	87.2%

Adjusted EBITDA, Net Revenue, Adjusted Net Income or Loss, 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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Selected Annual Information

	Year ended September 30		
	2021	2020	2019
Revenues	\$ 504,107	\$ 455,945	\$ 322,537
Net income	\$ 33,080	\$ 42,798	\$ 10,094
Net income per weighted average share, basic	\$ 0.40	\$ 0.50	\$ 0.10
Net income per weighted average share, diluted	\$ 0.39	\$ 0.47	\$ 0.10
Total assets	\$ 194,340	\$ 249,724	\$ 203,083
Total long-term liabilities	\$ 6,979	\$ 10,128	\$ 6,833

Revenues

2021-2020

Please see the “Review of Operations – For the year ended September 30, 2021” section of this MD&A for a detailed discussion regarding the change in revenues between fiscal 2021 and fiscal 2020.

2020-2019

Consolidated

Consolidated revenues increased, led higher by 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.

U.S. Appraisal

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 declined due to lower estimated market volumes for these services.

U.S. Title

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 increased while diversified title revenues declined. The decrease in diversified title 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 centralized title service, partially offset by higher capital markets revenue.

Canada

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.

Net income

2021-2020

Please see the “Review of Operations – For the year ended September 30, 2021” section of this MD&A for a detailed discussion of the components comprising the change in net income between fiscal 2021 and fiscal 2020.

2020-2019

Our net income increased in fiscal 2020 compared to fiscal 2019. Factors contributing to this increase included strong improvements to Net Revenue^(A) margins and higher Adjusted EBITDA^(A) contributions from all three operating segments. Market share gains, new client additions and higher market volumes 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. The improvement to net income in fiscal 2020 was accompanied by lower losses recorded on the fair value of warrants from warrants exercised in fiscal 2020. The contributors to higher comparative net income were partially offset by higher income tax expense due to higher income subject to tax.

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Total Assets

2021-2020

Total assets declined on lower cash and cash equivalents of \$68.9 million, lower intangibles of \$1.7 million and lower property and equipment of \$0.3 million. These declines were partially offset by an increase in trade and other receivables of \$15.4 million and an increase in prepaid expenses totaling \$0.8 million. The decrease in cash and cash equivalents was due to the purchase of common shares and related costs under our NCIB (defined below) of \$97.8 million, a non-cash working capital investment of \$16.4 million due to the timing of payment from two significant clients in our U.S. Appraisal segment and income taxes paid of \$13.8 million, partially offset by \$59.2 million of Adjusted EBITDA^(A) recognized in fiscal 2021. The decline in cash and cash equivalents was also impacted by investments made in property and equipment of \$3.0 million, representing investments in right-of-use assets and computer equipment in our U.S. Title segment in connection with the expansion of our operations footprint to Dallas, Texas and Phoenix, Arizona, offset by proceeds received from the exercise of stock options, net of issue costs, totaling \$3.8 million. The decline in intangibles was the result of normal course amortization and normal course amortization of property and equipment outpaced our investment in fiscal 2021, resulting in a lower property and equipment balance in fiscal 2021 versus fiscal 2020. The increase in trade and other receivables was due to the timing of payments received from two significant clients in our U.S. Appraisal segment and the increase in prepaid expenses was due to higher insurance premiums as a result of a hardening of the insurance market.

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 reflected 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 NCIB (defined below), 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 was 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 reflected 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 was the result of normal course amortization.

Total Long-Term Liabilities

2021-2020

Total long-term liabilities declined on a comparative basis due primarily to a \$2.9 million decrease in warrant liabilities. The decline in warrant liabilities reflects the exercise of warrants in fiscal 2021 and lower recorded warrant liabilities due to the decline in our share price year-over-year. The balance of the decline was due to modestly lower long-term lease liabilities recorded.

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

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 in fiscal 2020. 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.

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Summary of Quarterly Results

2021	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 90,877	\$ 85,341	\$ 76,336	\$ 69,555	\$ 322,109
U.S. Title	21,831	27,720	40,050	39,937	129,538
Canada	12,875	16,337	12,442	10,806	52,460
Total revenues	\$ 125,583	\$ 129,398	\$ 128,828	\$ 120,298	\$ 504,107
Net income	\$ 9,055	\$ 5,262	\$ 11,674	\$ 7,089	\$ 33,080
Net income - attributable to common shareholders	\$ 9,069	\$ 5,269	\$ 11,538	\$ 7,116	\$ 32,992
Net income per weighted average share, basic	\$ 0.11	\$ 0.06	\$ 0.14	\$ 0.08	\$ 0.40
Net income per weighted average share, diluted	\$ 0.11	\$ 0.06	\$ 0.13	\$ 0.08	\$ 0.39

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

Revenues

U.S. Appraisal Segment

	Q4	Q3	Q2	Q1	Total
2021	\$ 90,877	\$ 85,341	\$ 76,336	\$ 69,555	\$ 322,109
2020	\$ 70,801	\$ 72,601	\$ 71,320	\$ 67,379	\$ 282,101
Change	\$ 20,076	\$ 12,740	\$ 5,016	\$ 2,176	\$ 40,008

2021-2020

U.S. Appraisal revenues increased in all four quarters in fiscal 2021 versus the comparable quarters in fiscal 2020. These increases were due to higher origination (purchase and refinance) market volumes, net market share gains and new client additions, which was partially offset by the decline in home equity and default revenues due to lower market volumes for these services.

U.S. Title Segment

	Q4	Q3	Q2	Q1	Total
2021	\$ 21,831	\$ 27,720	\$ 40,050	\$ 39,937	\$ 129,538
2020	\$ 43,935	\$ 38,931	\$ 30,808	\$ 28,723	\$ 142,397
Change	\$ (22,104)	\$ (11,211)	\$ 9,242	\$ 11,214	\$ (12,859)

2021-2020

Revenues in our U.S. Title segment increased in the first two quarters of fiscal 2021 versus the comparable quarters in fiscal 2020. These increases were due to higher market volumes for refinance activity, market share gains and net new client additions, partially offset by lower revenues for diversified and other services. The lower interest rate environment during the first two quarters of fiscal

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2021 contributed to the increase in higher market volumes for refinance activity, while our average revenue per transaction declined due to geographic mix. The decrease in diversified title revenues was due to lower commercial, search and capital markets revenue, as we reallocated internal resources to support the revenue growth for centralized title services while the decline in other revenues was due to lower market activity for home equity services.

Revenues in our U.S. Title segment declined in the third and fourth quarters of fiscal 2021 versus the comparable quarters in fiscal 2020. These declines represent the strategic shift in our centralized title client base due to the launch of our first Tier 1 and roll-out of a new Tier 2 client and the rationalization of our diversified title business. In the fourth quarter of fiscal 2020, in light of a high level of refinance market volumes and existing capacity constraints at the time, we made strategic adjustments to our centralized title client base to create capacity for new franchise title clients that align with our long-term market share objectives. The decline in diversified title revenues was due to lower commercial, search and capital markets revenue, attributed to lower market volumes and our strategic decision to rationalize this service offering and reallocate internal resources to support our centralized title service offering. The decline in other revenues was due to lower market activity for home equity services.

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

		Q4	Q3	Q2	Q1	Total
2021	\$	16,221	\$ 20,242	\$ 15,788	\$ 14,080	66,331
2020	\$	12,944	\$ 9,128	\$ 10,102	\$ 10,137	42,311
Change	\$	3,277	\$ 11,114	\$ 5,686	\$ 3,943	24,020

2021-2020

Canadian segment revenues increased in all four quarters in fiscal 2021 versus the comparable quarters in fiscal 2020. These increases were due to higher appraisal volumes from market share gains, higher market volumes and higher revenues from insurance inspection services in the third and fourth quarters of fiscal 2021 as a result of the relaxation of certain COVID-19 restrictions, partially offset by modestly lower revenues from insurance inspection services supplied in the first two quarters of fiscal 2021 due to COVID-19.

Net income

		Q4	Q3	Q2	Q1	Total
2021	\$	9,055	\$ 5,262	\$ 11,674	\$ 7,089	33,080
2020	\$	12,728	\$ 6,285	\$ 18,652	\$ 5,133	42,798
Change	\$	(3,673)	\$ (1,023)	\$ (6,978)	\$ 1,956	(9,718)

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, restructuring expenses, interest expense, interest income, net foreign exchange gains or losses and gains or losses on fair value of warrants, 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.

2021-2020

Net income in the first quarter of fiscal 2021 increased when compared to the first quarter of fiscal 2020 due to higher Adjusted EBITDA^(A) contributions from our U.S. Title and Canadian segments, while Adjusted EBITDA^(A) from our U.S. Appraisal segment was flat to the same quarter last year. Market share gains, net new client additions, higher market volumes in Canada and higher market volumes for refinance activity in the U.S., each contributed to the increase in Adjusted EBITDA^(A). The improvement to first quarter net income in fiscal 2021 compared to first quarter net income in fiscal 2020 was also attributable to higher gains recorded on the fair value of warrants due to a decline in our share price in the first quarter of fiscal 2021, offset by higher net foreign exchange losses due to the strength in the Canadian dollar compared to its U.S. counterpart. Income tax expense was lower in the first quarter of fiscal 2021 due to lower non-deductible expenses attributable to capital gains or losses from foreign currency exchange.

Net income in the second quarter of fiscal 2021 declined when compared to the second quarter of fiscal 2020 due to the decrease in net foreign exchange gains between periods. The net foreign exchange loss in the second quarter of fiscal 2021 and the comparable gain in the second quarter of fiscal 2020 were the result of changes in the FX rate between the Canadian and U.S. dollar. Lower foreign exchange gains were partially offset by higher Adjusted EBITDA^(A) contributions from our U.S. Title and Canadian segments, while

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contributions to Adjusted EBITDA^(A) from our U.S. Appraisal segment were lower due to softer comparative Net Revenue^(A) margins. Higher gains on the fair value of warrants resulting from a decline in our share price partially offset lower net foreign exchange gains between periods. Income tax expense was lower in the second quarter of fiscal 2021 on lower income before tax amounts.

Net income in the third quarter of fiscal 2021 declined when compared to the third quarter of fiscal 2020 due to lower Adjusted EBITDA^(A), most notably from our U.S. Title segment. Lower Adjusted EBITDA^(A) was partially offset by lower net foreign exchange losses in the third quarter of fiscal 2021 due to changes in the FX rate between the Canadian and U.S. dollar and lower comparable losses on the fair value of warrants resulting from a lower comparable increase in our share price year-over-year. Income tax expense was lower in the third quarter of fiscal 2021 on lower income before tax amounts.

Net income in the fourth quarter of fiscal 2021 declined when compared to the fourth quarter of fiscal 2020 due to lower Adjusted EBITDA^(A), most notably from our U.S. Title segment. Lower Adjusted EBITDA^(A) was partially offset by higher net foreign exchange gains in the fourth quarter of fiscal 2021 due to changes in the FX rate between the Canadian and U.S. dollar and higher gains on the fair value of warrants due to a decline in our share price in the fourth quarter of fiscal 2021. Income tax expense was lower in the fourth quarter of fiscal 2021 on lower income before income tax amounts.

Net income per weighted average share, basic and diluted 2021-2020

The change in net income or loss in each quarter of fiscal 2021 versus the comparable quarters in fiscal 2020 is detailed above. The comparative change in our diluted weighted average share count reflects stock option grants and forfeitures, the exercise of warrants in the fourth quarter of fiscal 2021 and shares purchased under our NCIB (defined below).

Financial Condition

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

	As at September 30, 2021			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 44,025	\$ 1,996	\$ -	\$ 46,021
Intangibles	\$ 6,228	\$ -	\$ -	\$ 6,228
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Working capital position				
- (current assets less current liabilities)	\$ 80,689	\$ (1,397)	\$ 1,988	\$ 81,280
	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

Trade and other receivables – September 30, 2021 versus September 30, 2020

Change - Consolidated	\$ 15,360
Change - U.S.	\$ 14,854
Change - Canada	\$ 506
Change - Corporate	\$ -

The increase in trade and other receivables for our U.S. operations was due to the timing of payments received from two significant clients in our U.S. Appraisal segment and higher volumes serviced in this segment in the fourth quarter of fiscal 2021 compared to fiscal 2020, partially offset by lower diversified services supplied in our U.S. Title segment. Payments totaling \$17.6 million were received from these two significant clients within two business days after year end. The increase in Canadian trade and other receivables was due to the timing of receipt from one of this segment’s largest clients and higher volumes serviced in the quarter.

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Intangibles – September 30, 2021 versus September 30, 2020

Change - Consolidated	\$	(1,699)
Change - U.S.	\$	(1,699)
Change - Canada	\$	-
Change - Corporate	\$	-

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

Goodwill – September 30, 2021 versus September 30, 2020

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

No change to goodwill between periods.

Working capital position – September 30, 2021 versus September 30, 2020

Change - Consolidated	\$	(52,948)
Change - U.S.	\$	(2,975)
Change - Canada	\$	(494)
Change - Corporate	\$	(49,479)

Our consolidated working capital position declined on a comparative basis. Total current assets declined \$52.5 million on lower cash and cash equivalents of \$68.9 million, which was partially offset by higher trade and other receivables of \$15.4 million and higher prepaid expenses of \$0.8 million. The decrease in cash and cash equivalents was due to the purchase of common shares and related costs under our NCIB (defined below) of \$97.8 million, a non-cash working capital investment of \$16.4 million due to the timing of payments received from two significant customers in our U.S. Appraisal segment and income taxes paid of \$13.8 million, partially offset by \$59.2 million of Adjusted EBITDA^(A) recognized in fiscal 2021. The decline in cash and cash equivalents was also impacted by investments made in property and equipment totaling \$3.0 million, representing investments in right-of-use assets and computer equipment in our U.S. Title segment in connection with the expansion of our operations footprint to Dallas, Texas and Phoenix, Arizona, offset by proceeds received from the exercise of stock options, net of issue costs, totaling \$3.8 million. The increase in trade and other receivables was due to the timing of payments received from two significant clients in our U.S. Appraisal segment and the increase in prepaid expenses was due to higher premiums paid for insurance as a result of a hardening of the insurance market. The increase in total current liabilities was \$0.4 million year-over-year, with the increase in trade payables and the current portion of lease liabilities being partially offset by declines in accrued charges and income taxes payable.

The working capital position in our U.S. operations decreased on a comparative basis. Total current assets decreased \$1.8 million on lower cash and cash equivalents of \$17.4 million, partially offset by higher trade and other receivables of \$14.9 million and higher prepaid expenses of \$0.5 million. The decline in cash and cash equivalents was attributable to the movement of cash between the U.S. and Canada to support the purchase of shares under our NCIB, partially offset by contributions to Free Cash Flow^(A) in fiscal 2021. The increase in trade and other receivables was due to a \$18.5 million increase in our U.S. Appraisal segment due to the timing of payments received from two significant clients and higher volumes serviced in the fourth quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020, partially offset by a \$3.6 million decline in trade and other receivables in our U.S. Title segment due to lower diversified services supplied. Higher prepaid expenses were due to higher insurance premiums as a result of a hardening of the insurance market. Current liabilities in our U.S. operations increased \$1.4 million, reflecting an increase in trade payables of \$2.1 million and an increase in the current portion of lease liabilities of \$0.4 million. The \$2.1 million increase in trade payables was due to the increase in volumes serviced in our U.S. Appraisal segment, partially offset by lower volumes serviced in our U.S. Title segment. These amounts were partially offset by a \$1.1 million decrease in income taxes payable due to the timing of payment.

The working capital position in our Canadian and Corporate segments declined on a comparative basis. Total current assets were lower by \$50.7 million across both segments collectively on lower cash and cash equivalents of \$51.5 million. The purchase of shares under our NCIB totaled \$97.8 million and was the primary contributor to the decline in cash and cash equivalents, partially offset by the receipt of cash from our U.S. operations. Partially offsetting the decline in cash and cash equivalents was a \$0.5 million increase in trade and other receivables in our Canadian segment from higher volumes serviced and the timing of payment from a significant client and a \$0.3 million increase in prepaid expenses due to higher insurance premiums as a result of a hardening of the insurance market.

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Current liabilities declined \$0.7 million on lower accrued charges, partially offset by higher trade payables. The decline in accrued charges was due to payroll taxes payable as a result of stock options exercised in the fourth quarter of fiscal 2020, while the increase in trade payables reflects higher volumes serviced in the fourth quarter of fiscal 2021 versus the fourth quarter of fiscal 2020.

Disclosure of outstanding share capital

	September 30, 2021	
	Shares	\$
Common shares	79,048	246,377
Preferred shares	-	-
Total contributed equity	79,048	246,377

	November 16, 2021	
	Shares	\$
Common shares	78,699	245,299
Preferred shares	-	-
Total contributed equity	78,699	245,299

Normal course issuer bid (“NCIB”)

Effective June 11, 2020, we received approval to renew our NCIB for a one year period expiring on June 10, 2021. Under the renewed NCIB, we were approved by the Toronto Stock Exchange (“TSX”) to purchase up to 4 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 135,858 common shares. Effective May 12, 2021, we received approval from the TSX to amend our NCIB to increase the number of common shares available for purchase and cancellation from 4 million to 6 million and to increase the aggregate purchase price for the shares purchased under the NCIB from 70 million Canadian dollars (“C\$”) to C\$100 million. No other terms of the NCIB were changed.

Effective June 11, 2021, we received approval from the TSX to renew our NCIB for a one year period expiring on June 10, 2022. Under the renewed NCIB, we are approved to purchase up to 4 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 153,956 common 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, 2021, 7.3 million (2020 – 1.7 million) common shares were purchased and cancelled at an aggregate cost of \$97.8 million (2020 - \$17.0 million).

As of November 16, 2021, 0.4 million additional common shares were purchased and cancelled or settled since September 30, 2021.

Warrants

At September 30, 2021, previously issued share purchase warrants (“warrants”) that remain outstanding and exercisable for common shares of the Company totaled 0.1 million (September 30, 2020 – 0.2 million). All outstanding warrants expire on May 11, 2022 and have an exercise price of C\$1.38.

Stock options

At September 30, 2021, stock options issued and outstanding totaled 4.6 million (September 30, 2020 – 5.1 million) and 3.7 million (September 30, 2020 – 3.6 million) were exercisable for common shares of the Company.

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Liquidity and Capital Resources

Contractual obligations	September 30, 2021				
	Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Leases	\$ 7,095	\$ 1,992	\$ 2,790	\$ 1,942	\$ 371
Total contractual obligations	\$ 7,095	\$ 1,992	\$ 2,790	\$ 1,942	\$ 371

The Company expects that cash and cash equivalents and future operating cash flows will enable the Company to fund its ongoing business requirements, including working capital and other contractual obligations.

Long-term debt

On April 30, 2021, our long-term debt facilities with the Bank of Montreal and Bank of Montreal, Chicago Branch matured and were not renewed. Accordingly, we do not currently have any long-term debt facilities.

Cash flows

	Year ended September 30		
	2021	2020	Change
Cash flows generated from (utilized in):			
Operating activities	\$ 25,021	\$ 74,689	\$(49,668)
Investing activities	\$ (2,878)	\$ (1,828)	\$(1,050)
Financing activities	\$ (94,050)	\$ (15,197)	\$(78,853)

Operating activities

As detailed in the “Review of Operations - For the year ended September 30, 2021” section of this MD&A, Adjusted EBITDA^(A) in fiscal 2021 was \$13.0 million lower than fiscal 2020, resulting in a corresponding decline in cash generated from operating activities. This decline, in combination with higher income taxes paid of \$7.3 million, higher non-cash working capital uses of \$24.9 million and the effect of realized and unrealized foreign exchange adjustments totaling \$4.0 million were the largest contributors to the \$49.7 million decline in cash generated from operating activities. The increase in income taxes paid reflects the timing of payment and the full use of loss carryforwards in our U.S. operations in fiscal 2020. The single largest contributor to the increased use of cash for non-cash working capital was the change in trade and other receivables between periods. In fiscal 2021, trade and other receivables represented a \$15.4 million use of cash, reflecting the timing of payments received from two significant clients of our U.S. Appraisal segment and higher comparative volumes serviced, partially offset by a decline in diversified services supplied in our U.S. Title segment. This increased use of cash in fiscal 2021 compared to a \$5.9 million source of cash in fiscal 2020, which was due to the timing of payment for diversified title services, strong collections, and lower comparative activity for home equity services. Accrued charges represent the bulk of the remaining increase in cash utilized in operating activities, reflecting the timing of accrual and payment of payroll taxes attributable to the exercise of stock options occurring in the fourth quarter of fiscal 2020.

Investing activities

Cash utilized in investing activities increased due to an increase in investment in property and equipment for right-of-use assets and computer equipment in our U.S. Title segment in connection with the expansion of our operations footprint to Dallas, Texas and Phoenix, Arizona.

Financing activities

Cash utilized in financing activities increased on a comparative basis. The purchase of shares under our NCIB increased \$80.8 million compared to fiscal 2020, which was partially offset by higher proceeds received from lease liabilities of \$1.5 million due to the expansion of our U.S. Title operations to Dallas, Texas and Phoenix, Arizona. Lower dividends paid to non-controlling interests were due to lower levels of activity.

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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 by the Bank of Canada.

	Fiscal 2021			Fiscal 2020		
	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	\$ 0.7854	\$ 0.7675	\$ 0.7675	\$ 0.7699	\$ 0.7576	\$ 0.7576
March 31	\$ 0.7952	\$ 0.7895	\$ 0.7783	\$ 0.7049	\$ 0.7439	\$ 0.7507
June 30	\$ 0.8068	\$ 0.8143	\$ 0.7900	\$ 0.7338	\$ 0.7216	\$ 0.7407
September 30	\$ 0.7849	\$ 0.7936	\$ 0.7909	\$ 0.7497	\$ 0.7510	\$ 0.7432

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, 2021.

	Three months ended September 30			
	2020	2021	2021	2021
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
Consolidated Statement of Operations				
Revenues	\$ 124,431	\$ 125,583	\$ 694	\$ 124,889
Transaction costs	\$ 77,439	\$ 90,592	\$ 612	\$ 89,980
Operating expenses	\$ 25,262	\$ 24,478	\$ 274	\$ 24,204
Net income	\$ 12,728	\$ 9,055	\$ (14)	\$ 9,069
Net Revenue^(A)	\$ 46,992	\$ 34,991	\$ 82	\$ 34,909
Adjusted EBITDA^(A)	\$ 22,194	\$ 10,987	\$ (168)	\$ 11,155
Adjusted Net Income^(A)	\$ 15,633	\$ 7,549	\$ (145)	\$ 7,694

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

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	Year ended September 30			
	2020	2021	2021	2021
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
Consolidated Statement of Operations				
Revenues	\$ 455,945	\$ 504,107	\$ 3,162	\$ 500,945
Transaction costs	\$ 293,828	\$ 339,815	\$ 2,753	\$ 337,062
Operating expenses	\$ 92,294	\$ 107,499	\$ 1,301	\$ 106,198
Net income	\$ 42,798	\$ 33,080	\$ (1,303)	\$ 34,383
Net Revenue^(A)	\$ 162,117	\$ 164,292	\$ 409	\$ 163,883
Adjusted EBITDA^(A)	\$ 72,242	\$ 59,201	\$ (747)	\$ 59,948
Adjusted Net Income^(A)	\$ 49,423	\$ 40,642	\$ (927)	\$ 41,569

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 amount 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 expected. Goodwill is not tested for impairment when the assets and liabilities that make

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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 CGUs 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 rate 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 to identify the 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 intangible assets in connection with the initial purchase price allocation of an acquired entity, and our continuing evaluation of the recoverability of goodwill and intangible assets. These estimates are based on several 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 of these warrants on the date of exchange.

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 can 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, \$1.1 million at September 30, 2021. 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

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 clarified 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 the creation of outputs. The definition of a business and outputs have been narrowed to focus on goods and services provided to customers and removes the reference to cost reductions. The amendments were effective for annual periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of the amendment had no impact on our financial statements.

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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)” which clarified 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 were effective for annual reporting periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of this new definition of material had no 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)” which provided 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 clarified 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, which 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 are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2023. We expect to apply the amendment to the classification of liabilities on 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 clarified the meaning of “costs to fulfil a contract” to include incremental costs, and the allocation of other costs that directly relate to fulfilling the contract. This could result in an entity recording a provision for the expected loss attributable to the onerous contract in its financial statements earlier or that it wouldn’t have recognized if not for this amendment. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Without this new update, an entity may have recognized certain 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 expect to apply the amendments on October 1, 2022, and adopting these amendments is not expected to have a significant impact on our financial statements.

Narrow-scope amendments to IAS 1 and IAS 8

In February 2021, the IASB amended IAS 1 – “Presentation of Financial Statements” which requires companies to disclose information attributable to material accounting policies rather than focusing on significant accounting policies. The amendment clarifies that accounting policy information is material, if its absence inhibits a financial statements user’s ability to understand other material information in the financial statements.

Additionally, the IASB amended IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors” to improve accounting policy disclosures and assist entities in distinguishing between changes in accounting policies, which are generally applied retrospectively to both historical, current and future transactions, and estimates, which are applied prospectively to future transactions.

These amendments are effective January 1, 2023 and earlier application is permitted. We expect to apply the amendments on October 1, 2023, and adopting these amendments is not expected to have a significant impact on our financial statements.

Clarifying amendment to account for deferred tax on leases and decommissioning obligations

In May 2021, the IASB amended IAS 12 – “Income Taxes” to clarify that the initial recognition exemption does not apply to leases and decommissioning obligations. As a result, companies are required to recognize deferred tax on such transactions.

The amendment is effective January 1, 2023 and earlier application is permitted. We expect to apply the amendment on October 1, 2023, and adopting this amendment is not expected to have a significant impact on our financial statements.

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Financial Instruments

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Our exposure to credit risk is limited principally to cash and cash equivalents and trade and other receivables. In all instances, our risk management objective, whether of credit, liquidity, market or otherwise, is to mitigate our risk exposures to a level consistent with our risk tolerance.

Cash and cash equivalents

Certain management are responsible for determining which financial institutions we bank and hold deposits with. 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 on our consolidated statements of financial position as at September 30, 2021, \$60.2 million (September 30, 2020 - \$129.2 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, 2021, \$46.0 million (September 30, 2020 - \$30.7 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 using 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, 2021 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 the settlement of trade payables and lease liabilities. Certain management are responsible to ensure that we have sufficient short, medium and long-term liquidity to address these liabilities as they become due. We manage liquidity risk on a continuous basis by monitoring actual and forecasted cash flows and monitoring our available liquidity.

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.

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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.

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 are 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, 2021, 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, 2021.

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, 2021, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2021.

There have been no changes during the year ended September 30, 2021 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. With interest rates remaining low, homeowners in the U.S. are incented to refinance their mortgages as they stand to benefit from a 50 to 75 basis point reduction in interest rates compared to the rate borne on their current mortgage. We have seen a shift away from home equity and default services since the onset of COVID-19. We believe that home equity and default activity will remain low in the near term and that purchase market activity will return to pre-COVID-19 levels, which will benefit our U.S. Appraisal segment since it services both purchase and refinance mortgage origination transactions. Notwithstanding, we continue to monitor U.S. mortgage lenders near-term capacity to underwrite mortgages and the impact interest rates have on mortgage origination volumes for refinance activity.

The strength and depth of our networks of field professionals has allowed us to find a qualified field professional for the transactions we have received from our clients. COVID-19 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, which increased the GSEs use of appraisal waivers, predominantly for refinance mortgage originations, 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 and this directive expired on May 31, 2021. As a result of these changes, we engaged in active discussions with our clients to ensure that we could 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, however, the mix of mortgage origination volumes serviced, due in part to the GSEs use of waivers, has contracted Net Revenue^(A) margins in our U.S. Appraisal segment which we believe is temporary.

In our U.S. Title segment, our services include searching the title and recording the mortgage at the county courthouse. The temporary closures of some county courthouses in the U.S. due to COVID-19 created challenges to search the title and complete recordings in those counties. However, the temporary closure of county courthouses was limited and did not have a significant impact on our ability to search and record mortgages for the vast majority of the orders we received. In the event we could not search the title due to a temporary office closure, we could not complete the transaction for our client and we made them aware in advance. With respect to recordings, our underwriters confirmed that gap insurance covered the risk of any intervening liens that may arise between the time of closing and the time the closing documents were ultimately recorded at the county courthouse. Accordingly, this allowed us to continue providing title and closing services to our clients.

In our Canadian segment, certain of our insurance inspection clients placed these services on hold at the end of our fiscal 2020 second quarter, throughout our fiscal 2020 third quarter, for a portion of our fiscal 2020 fourth quarter and a portion of the second and third quarters of fiscal 2021, as a result of COVID-19. As a result, 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.

We do not anticipate that COVID-19 has or will have a significant impact on 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 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 needed 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.

In connection with the announcement by the GSEs to allow both drive-by and desktop appraisals in certain circumstances, we worked closely with our clients to operationalize a solution. To this end, we fully deployed appraisal products that did not require in-person interaction for our clients who chose to adopt these temporary measures for some of their files. And we supported our closing agents by being strong advocates of safe space closing principles founded in the minimum guidelines provided by the National Notary Association. We proactively engaged 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 way in which our field professionals undertook the delivery of service for our clients may have changed, and may be subject to further change as a result of COVID-19, we do not believe that any resulting changes will be significant 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 and were revisited and updated again during the third quarter of fiscal 2021.

Supply chain

We proactively identified additional redundancy required in our supply chain and we actively added vendors to strengthen redundancy where required. 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, 2021, we had \$60.2 million of cash and cash equivalents on our balance sheet. 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 adjust 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 included, amongst other things, consideration of 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, 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. 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 applying a variety of scenarios, we do not anticipate a decline in these cash flows that 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, 2021. 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 in fiscal 2020 of all 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 and we see continued strength in our financial condition in the near and longer-term time horizons.

Capital and financial resources

We have sufficient cash and cash equivalents on hand and continue to generate cash from operations. 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 many 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.

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.

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.

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

- our business prospects, goals and long-term strategy targets;
- our expectations regarding certain of our future results and information, including, among others, Net Revenue^(A) and Adjusted EBITDA^(A) margins for each of our segments, market share targets for our U.S. Appraisal and U.S. Title segments, corporate expenses (excluding stock-based compensation expense), conversion of Adjusted EBITDA^(A) to Free Cash Flow^(A) and the total addressable market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions, including the 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 expectation that the increased use by the GSEs of appraisal waivers will moderate back to fiscal 2019 levels by the end of fiscal 2025;
- our intentions with respect to the implementation of new accounting standards; and
- 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.

In addition, our assessment of, and targets for, market share, Net Revenue^(A) margins, Adjusted EBITDA^(A) margins, corporate expenses (excluding stock-based compensation expense) and conversion of Adjusted EBITDA^(A) to Free Cash Flow^(A) are considered forward-looking information. See the “Overview” section of this MD&A for additional information regarding our strategies 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, 2020, 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;
- growth placing significant demands on our management and infrastructure;
- maintaining our competitive position in a competitive business environment;
- inability to successfully identify, consummate or integrate future acquisitions;
- damage to our reputation causing a loss of existing clients and/or difficulty attracting new clients;

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;

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Legal and Compliance Risks

- regulatory risks applicable to us;
- risks associated with the potential reclassification of exempt employees and field professionals;
- risks associated with legal and regulatory proceedings and claims;
- failing to adequately protect our intellectual property;
- 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;
- potential tax law changes or adverse tax examinations;
- inaccurate accounting estimates and judgments;
- 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.

We caution that the above list of risk factors and uncertainties is not exhaustive and that additional risks and uncertainties may be discussed in documents filed with the applicable Canadian securities regulatory authorities from time to time. Other risks and uncertainties not presently known 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, 2021, 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 2021).

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 2021), 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 2021), 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.