REAL MATTERS

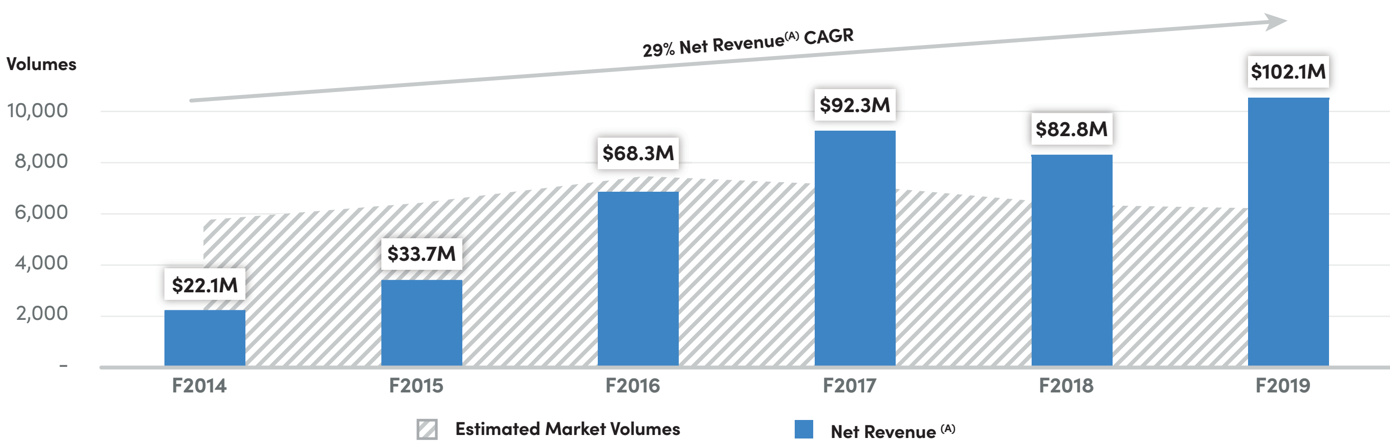
2019
Annual Report

Real Matters is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include the majority of the top 100 mortgage lenders in the U.S. and some of the largest insurance companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title and mortgage closing services in the U.S. Established in 2004, Real Matters has offices in Buffalo (NY), Denver (CO), Middletown (RI), and Markham (ON). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL.

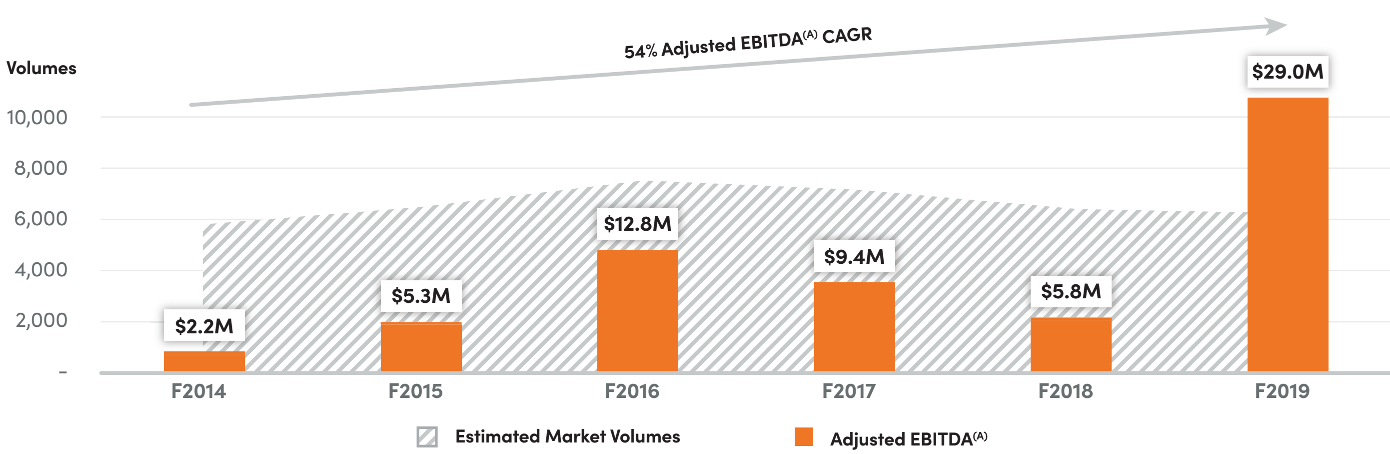
We take a long-term view to manage and measure the success of our business strategies. Our principal focus is on market share growth. We seek to achieve market share increases irrespective of market conditions for residential mortgage originations.

Historical Consolidated Financial Performance

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



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



(A) **Non-GAAP Measures**
Net Revenue and Adjusted EBITDA do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined on page 24 of this Annual Report.

* Management estimate, in thousands of units.

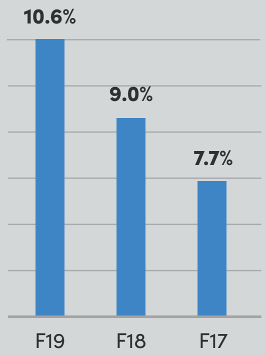
Performance Highlights

For the year ended September 30, 2019

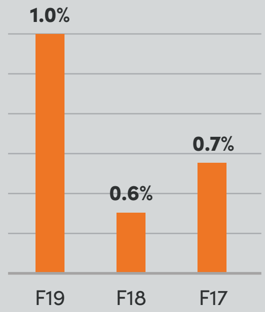
(in thousands of US$ except per share amounts and average trading volume)

Financial	**Fiscal 2019**	**Fiscal 2018**	**Fiscal 2017**
Consolidated			
Revenues	$322,537	$281,451	$302,976
Net Revenue[(A)]	$102,075	$82,768	$92,294
Net Revenue[(A)] margin	31.6%	29.4%	30.5%
Net income (loss)	$10,094	$(4,015)	$(23,769)
Adjusted EBITDA[(A)]	$28,977	$5,793	$9,380
Adjusted EBITDA[(A)] margin	28.4%	7.0%	10.2%
U.S. Appraisal			
Revenues	$212,717	$186,464	$186,380
Net Revenue[(A)]	$50,130	$38,377	$33,483
Net Revenue[(A)] margin	23.6%	20.6%	18.0%
Adjusted EBITDA[(A)]	$26,024	$11,662	$5,738
Adjusted EBITDA[(A)] margin	51.9%	30.4%	17.1%
U.S. Title			
Revenues	$82,649	$65,220	$84,862
Net Revenue[(A)]	$46,838	$39,110	$53,640
Net Revenue[(A)] margin	56.7%	60.0%	63.2%
Adjusted EBITDA[(A)]	$13,696	$6,173	$13,663
Adjusted EBITDA[(A)] margin	29.2%	15.8%	25.5%
Canada			
Revenues	$27,171	$29,767	$31,734
Net Revenue[(A)]	$5,107	$5,281	$5,171
Net Revenue[(A)] margin	18.8%	17.7%	16.3%
Adjusted EBITDA[(A)]	$2,651	$2,561	$2,285
Adjusted EBITDA[(A)] margin	51.9%	48.5%	44.2%
Cash	$71,680	$68,045	$71,634
Cash generated from (utilized in) operations	$25,643	$10,372	$(8,523)
Long-term debt	-	-	-
Common shares issued and outstanding	84,946	88,228	87,532
Stock options issued and outstanding	6,060	5,983	6,130
Warrants issued, outstanding and exercisable	874	1,536	1,732
Operating Metrics			
U.S. Appraisal market share	10.6%	9.0%	7.7%
U.S. Title market share	1.0%	0.6%	0.7%
Trading Statistics (C$ per common share excep volume)			
High	$12.02	$11.00	$15.00
Low	$2.95	$3.95	$8.29
Close	$11.04	$4.55	$10.62
Average Volume	158,404	183,420	91,287

U.S. Appraisal Market Share

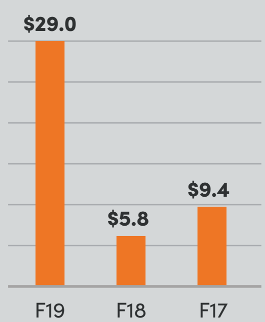


U.S. Title Market Share



Consolidated Net Revenue[(A)]

Consolidated Adjusted EBITDA[(A)]



[(A)] **Non-GAAP Measures**

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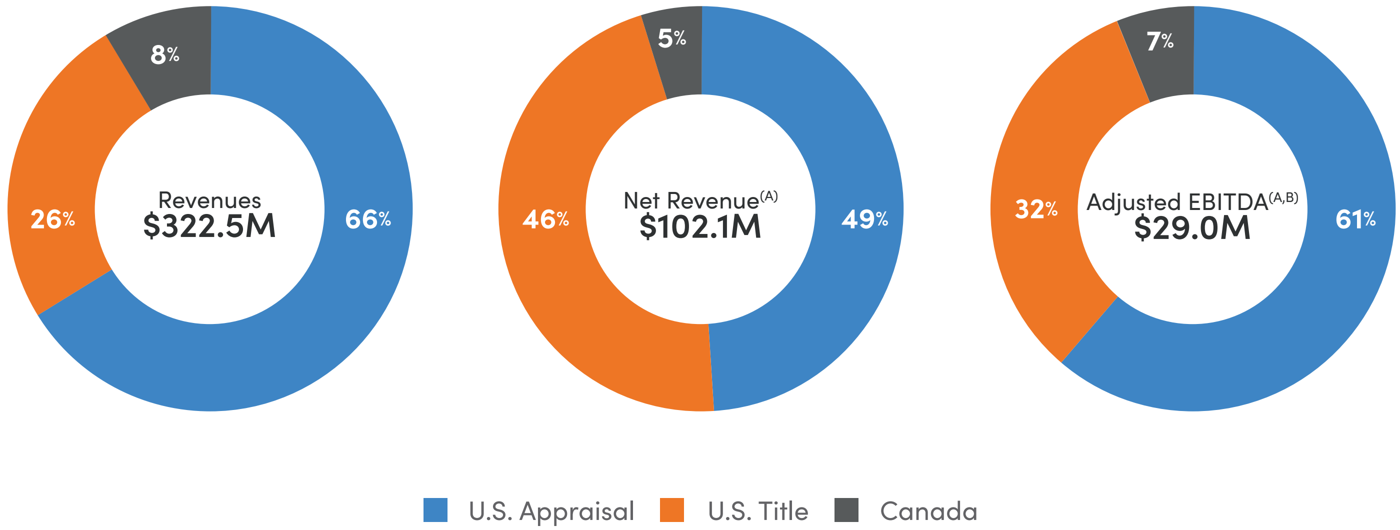
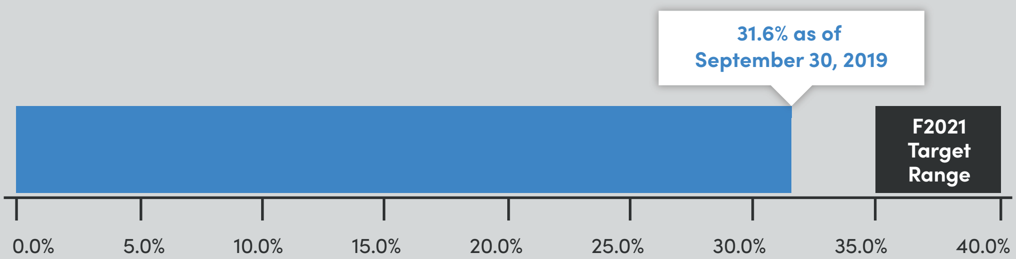
Fiscal 2019 in Review



Progress to Fiscal 2021 Targets

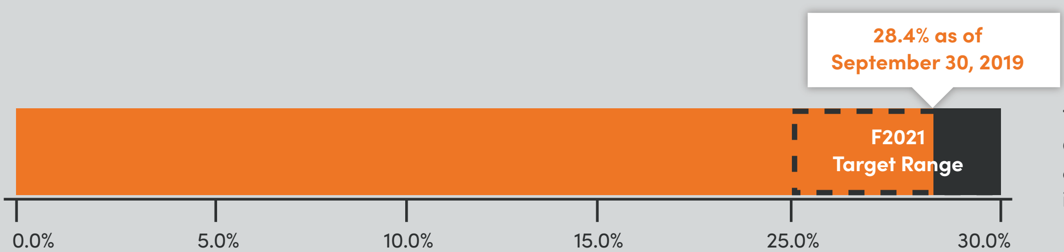
Consolidated Net Revenue[A] Margins



+23.3% YoY Net Revenue[A]

As volumes on our platform increase, we partner with the field professionals on our network to make them more efficient, which leads to an expansion of Net Revenue[A] margins.

Consolidated Adjusted EBITDA[A] Margins



+400.2% YoY Adjusted EBITDA[A]

Our low cost structure and platform approach drives profitability from incremental volumes.

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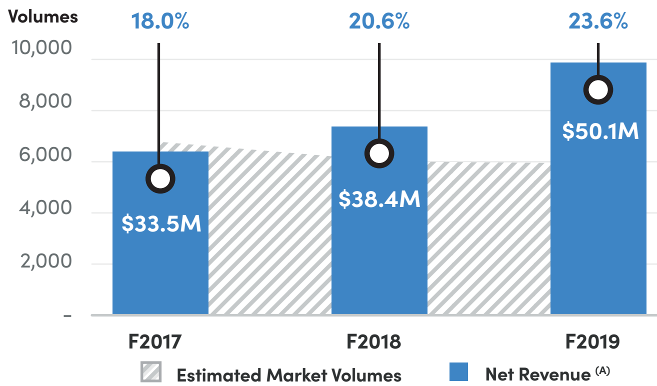
[B] Adjusted EBITDA[A] includes $13.4 million of corporate expenses.

Key Performance Indicators - U.S. Appraisal

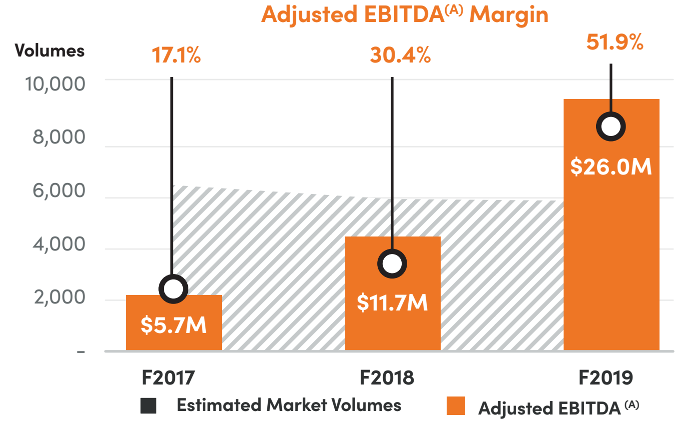
Net Revenue(A) vs. U.S. Mortgage Origination Market Volumes*

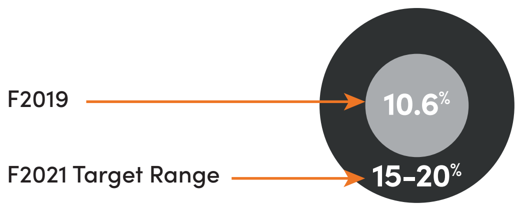
Net Revenue(A) Margin



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

Adjusted EBITDA(A) Margin





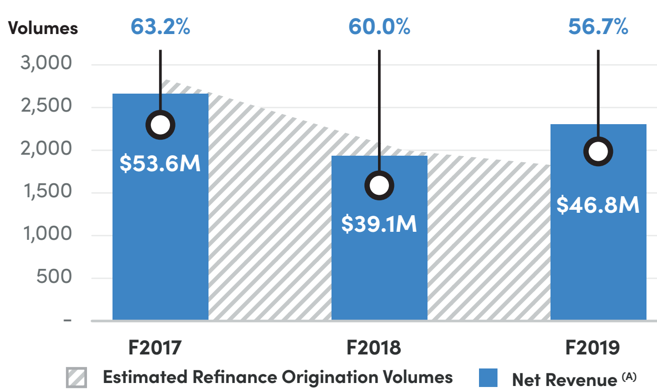
Market Share

We increased our market share to 10.6% in Fiscal 2019 from 9.0% in Fiscal 2018, and we posted market adjusted growth of 17.2% in Fiscal 2019.

Key Performance Indicators - U.S. Title

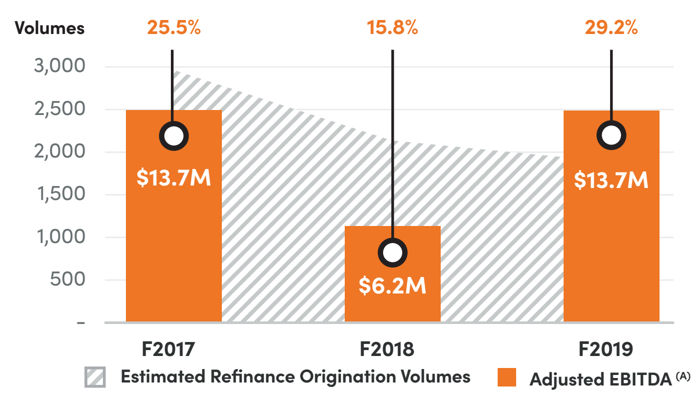
Net Revenue(A) vs. U.S. Mortgage Refinance Origination Market Volumes*

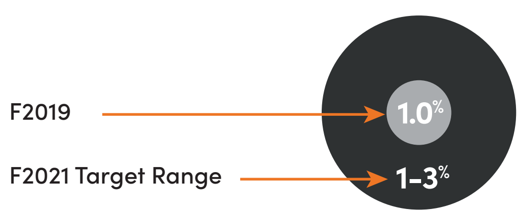
Net Revenue(A) Margin



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

Adjusted EBITDA(A) Margin





Market Share

We ended the year with 1.0% market share, hitting the low end of our Fiscal 2021 market share range two years ahead of plan. Our U.S. Title segment posted market adjusted growth of 73.0% in Fiscal 2019.

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* Management estimate, in thousands of units.

To our shareholders,

Fiscal 2019 was an excellent year for Real Matters. We did exactly what we set out to do: grow market share, improve Net Revenue[(A)] margins and improve operating leverage.

While U.S. mortgage origination market transaction volume declined by an estimated 8% in Fiscal 2019, we continued to gain market share and we serviced record-high U.S. Appraisal and U.S. Title transaction volumes which drove a 15% increase in consolidated revenues, a 220 basis point expansion of Net Revenue[(A)] margins, and a five-fold increase in Adjusted EBITDA[(A)].

Our financial performance in Fiscal 2019 demonstrated how our platform approach drives profitability on incremental volumes. On a consolidated basis, the business delivered $29.0 million of Adjusted EBITDA[(A)] – an increase of 400% from the $5.8 million we reported in Fiscal 2018.

We made significant progress toward achieving our Fiscal 2021 objectives, ending the year within our target ranges for consolidated Adjusted EBITDA[(A)] margins and U.S. Title market share, two years ahead of schedule. Our strong performance in Fiscal 2019 keeps us on pace to achieve our Fiscal 2021 targets.

We continued to execute on our strategy to gain market share and win new clients in our U.S. Appraisal and Title businesses by focusing on our core network management capabilities to drive a competitive performance advantage.

U.S. Appraisal – Continuing to build on a strong foundation

We increased our U.S. Appraisal market share to 10.6% in Fiscal 2019 from 9.0% in Fiscal 2018, and we posted market adjusted growth of 17.2% in Fiscal 2019. Over the course of the year, we launched seven new Top 100 lenders – including the sixth Tier 1 lender. We also expanded our client relationships by entering additional channels like new construction and complex appraisals with existing clients, and maintained our top performance ranking on client scorecards.

Today, Real Matters services approximately 1 in 9 U.S. residential mortgages appraisals and we believe we are the largest provider of residential mortgage appraisals in the U.S.

U.S. Title – Demonstrating how our platform performs at scale

In U.S. Title, we ended the year with a 1.0% share of the $10B U.S. Title market, hitting the low end of our Fiscal 2021 market share range two years ahead of plan, and with only six Top 100 lenders as clients so far. Our U.S. Title segment posted market adjusted growth of 73.0% in Fiscal 2019.

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Our strong financial performance in U.S. Title was the direct result of the integration work we did porting the business onto our platform in the prior year.

We went live with 15 new lenders in U.S. Title in Fiscal 2019, including six Top 100 lenders. Looking ahead, we continue to target additional Top 100 lenders, including our existing Tier 1 appraisal clients. Our value proposition is resonating with lenders. The volume of refinance market activity in the latter half of Fiscal 2019 brought performance to the forefront of the conversation with lenders and highlighted the need for them to add new vendors. We continue to drive these conversations with our existing clients and remain optimistic about our growth prospects in this segment.

Looking Ahead

Given the strength of our existing client relationships and current market share, as well as the runway for growth with our clients in both U.S. Appraisal and Title, we have a very solid foundation from which to grow in Fiscal 2020 and beyond.

We believe our strategy will generate increasing shareholder value over the long-term.

In June, we deepened our bench with the appointment of Brian Lang to the newly created position of President and Chief Operating Officer. Brian's appointment represents a continuing development of Real Matters' leadership team, and our evolution as a growth-oriented Company. His background in technology serving the banking industry provides a great fit, and we look forward to his contribution to our long-term strategy.

Our strategy hasn't changed. Market share will drive volume, and volume drives our financial performance. We remain steadfast in our focus on operational excellence and driving better performance through our network management platform. We believe this focus will enable us to achieve our Fiscal 2021 objectives for market share, consolidated Net Revenue[(A)] margins and consolidated Adjusted EBITDA[(A)] margins.

Thank you to our Board for their continued support and encouragement. On behalf of our Chair, I would like to take this opportunity to recognize Robert Courteau for his wisdom, guidance and service as a Board member of Real Matters over the last six years. I would also like to welcome mortgage industry veteran, Peter Vukanovich, to our Board. Peter was elected as a Director in January; his experience and knowledge will be a great complement to our Board going forward.

As always, we are grateful for the trust of our customers, the loyalty and professionalism of our field professionals, and the commitment and dedication of our employees. We are also very appreciative of the ongoing support and ownership of our shareholders as we continue to grow the Company.

Jason Smith

Chief Executive Officer
Real Matters Inc.

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The following Management Discussion and Analysis (“MD&A”) was prepared as of November 20, 2019 and should be read in conjunction with our consolidated financial statements (“financial statements”), including notes thereto, for the years ended September 30, 2019 and 2018. 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, 2018, can be found on SEDAR under the Company’s profile at www.sedar.com.

Overview

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

Appraisal services

We are one of North America’s largest independent providers of residential real estate appraisals. 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. Appraisals are mandatory in the U.S. for most mortgage purchase transactions and appraisals or other valuation services are typically conducted for most refinance transactions and home equity loans. In most cases, our clients order residential appraisals for mortgage loan assessment purposes and to comply with Government Sponsored Entity (“GSE”) requirements, and the cost of a residential appraisal is passed on to the borrower. We apply our network management capabilities to the residential mortgage industry which is designed with a focus on getting quality right at the front-end of the process. Our network management platform is an open field professional network where performance is tracked and managed in real time. Our network is national and regionally managed and has the capacity to scale and deliver better performance than our competitors across the U.S. and Canada. We provide the breadth of expertise and local knowledge required to find the best qualified field professional for every mortgage transaction through robust credential management and scorecarding of all our field professionals.

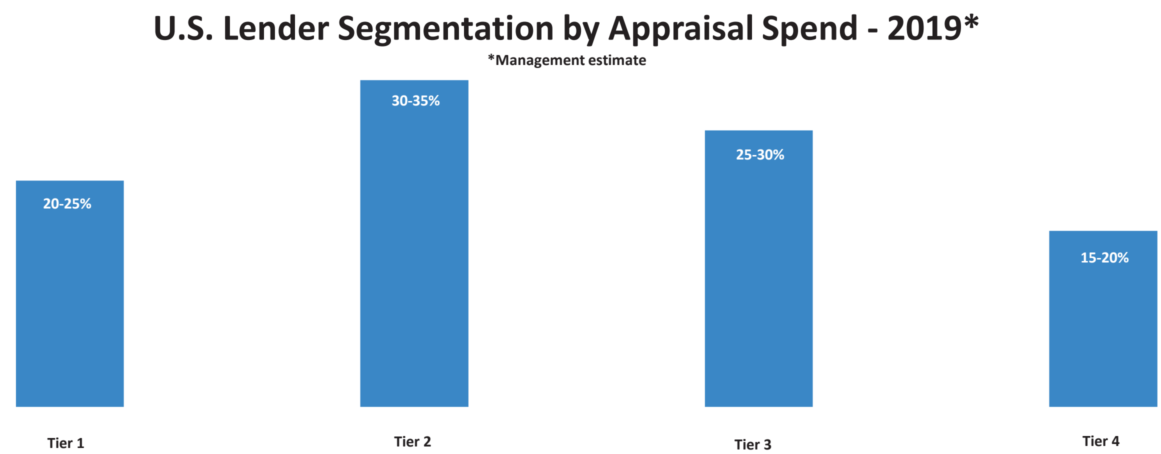
Title and Closing (“Title”) services

We are an approved title agent with the industry’s largest title insurance underwriters and we offer title services for refinance, purchase, commercial, short sale and real estate owned (“REO”) transactions to lenders in all 50 states. In the U.S., most lenders require lender’s policies on mortgage loans for risk mitigation purposes and because GSEs currently require title insurance on any loans they guarantee. As an independent title agent, we provide all services required to close a mortgage transaction, including title search, closing and escrow services, and title policy issuance. We act on behalf of the title insurance underwriters and retain the agent’s portion of the premium paid for the policy, which is typically 70-90% of the title insurance premium. Our focus is to provide a better borrower experience by working with experienced closing agents. We operate a technology-based marketplace where independent notaries and other closing agents 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 customer experience.

Our clients and the market we service

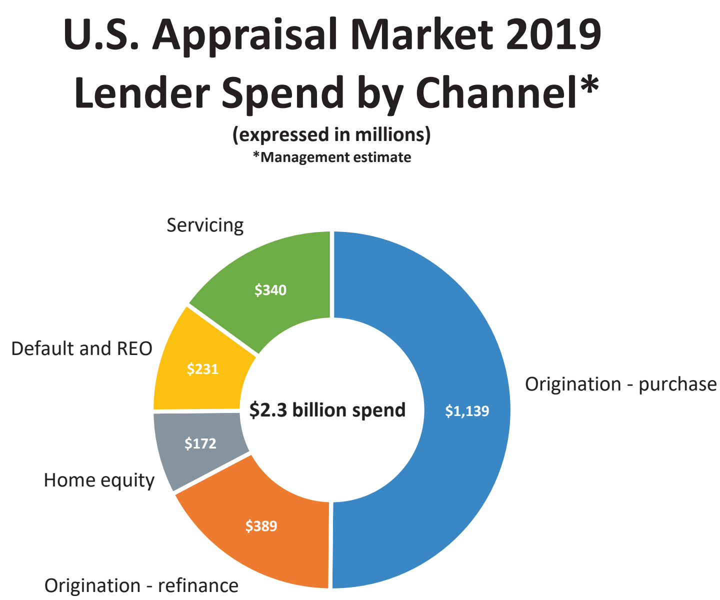
Clients

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



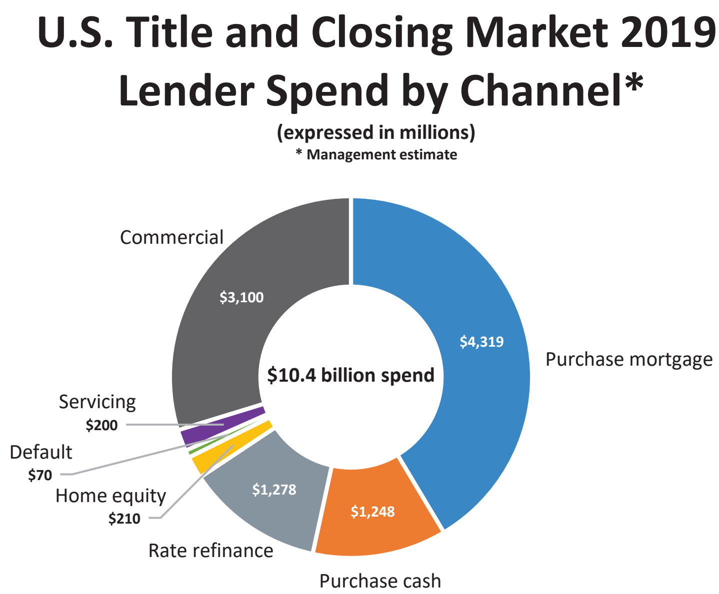
U.S. Appraisal

Our U.S. Appraisal segment (as hereinafter defined) provides services to the largest lenders in the U.S., including all six Tier 1 mortgage lenders. Estimated at approximately $2.3 billion of appraisal spend annually, the mortgage origination market is highly regulated and one of the largest asset classes in the world. We provide appraisal services across all channels to mortgage lenders in the U.S.



U.S. Title

Our U.S. Title segment (as hereinafter defined) provides title and closing services nationally to predominantly Tier 3 and 4 mortgage lenders today. In line with our strategy to increase market share in this segment, we added several Tier 2 lenders in fiscal 2019. Of the estimated approximately $10.6 billion spent annually, today we predominantly supply title services for the refinance channel, which includes rate refinance, home equity and default and REO transactions, representing an estimated $1.6 billion of spend annually.



Canada

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

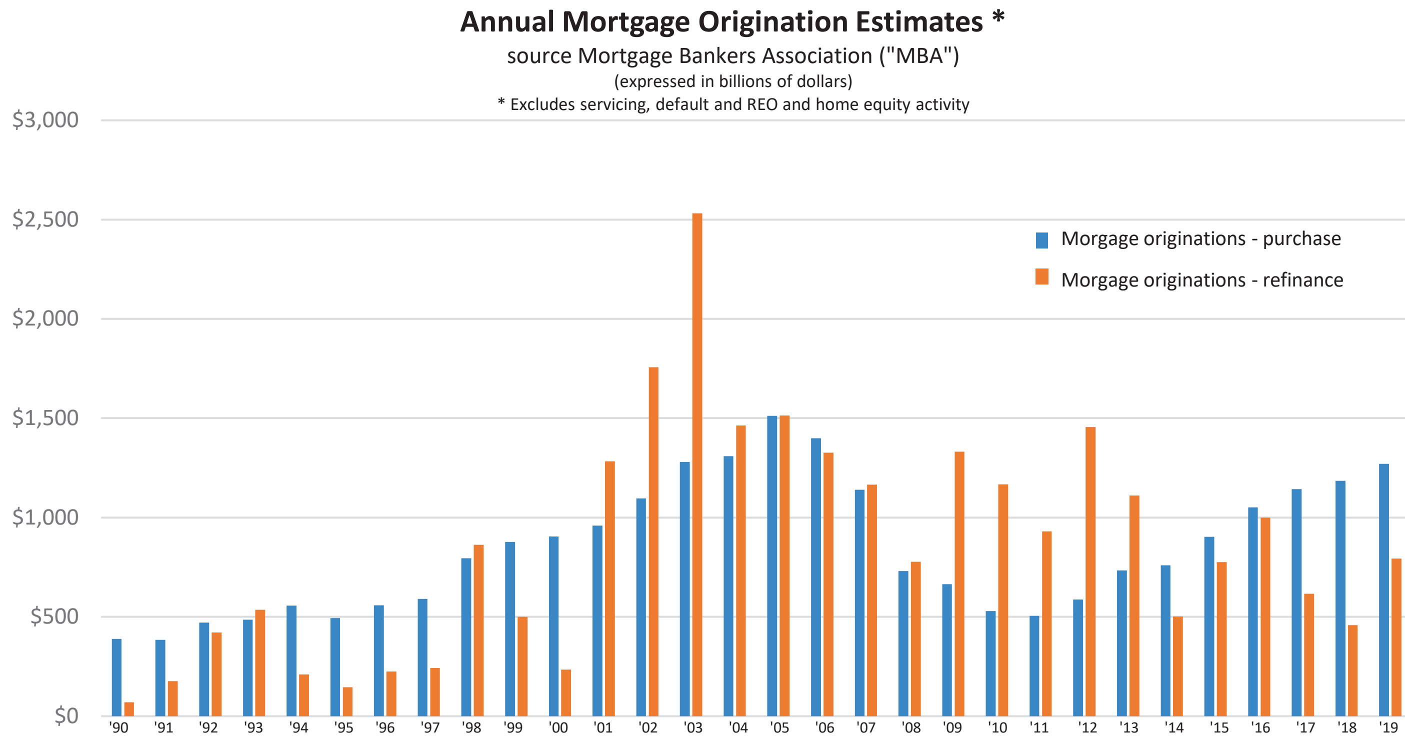
Our offices and brands

Headquartered in Markham, Ontario, Real Matters' principal offices include Buffalo, New York, Middletown, Rhode Island and Denver, Colorado. We service the U.S. and Canadian residential mortgage industries through our Solidifi brand, and the Canadian property and casualty insurance industry through our iv3 brand.

Seasonality and trends

Residential mortgage origination volumes in North America are a key driver of our financial performance and are influenced by cyclical trends and seasonality. Cyclical trends and other factors include changes in interest rates, refinancing rates, house prices, housing inventory supply and demand, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. Our transaction-based revenues are also impacted by the seasonal nature of the residential mortgage industry, which typically sees home buyers purchasing more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. Our market share is impacted by the size of the residential mortgage origination market but also our clients' relative share of the market. Gains or losses in our clients' share of the mortgage origination market impacts our overall market share. Accordingly, we take a long-term view of our success, since we cannot control the mortgage origination market or the factors that influence it.

The table below illustrates estimated U.S. mortgage origination activity for purchase and refinance transactions beginning in 1990, presented on a calendar year basis. Since 2011, the estimated purchase market has grown at a mid to high single digit growth rate, when expressed on a volume basis, which is highly correlated to the strength in the U.S. economy year over year, amongst other factors. However, refinance activity is very sensitive to changes in interest rates which has resulted in significant changes in the volume of activity between years. We believe that the estimated volume of activity occurring in the U.S. marketplace for refinance activity in the twelve months ending March 2019 was the lowest experienced in almost two decades.

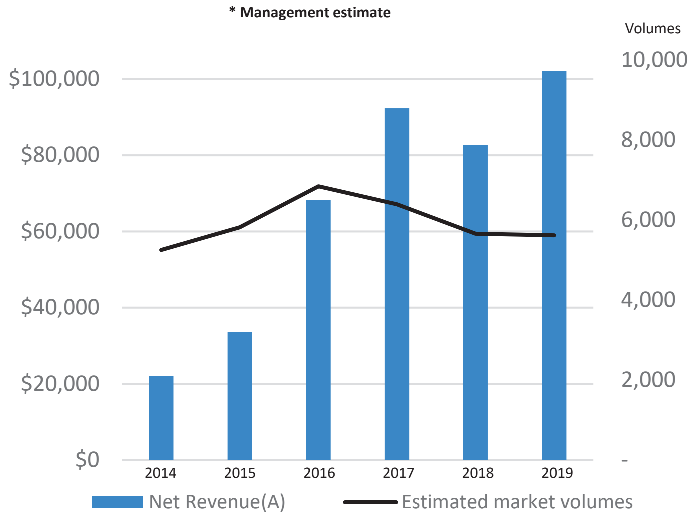


Scale from volume

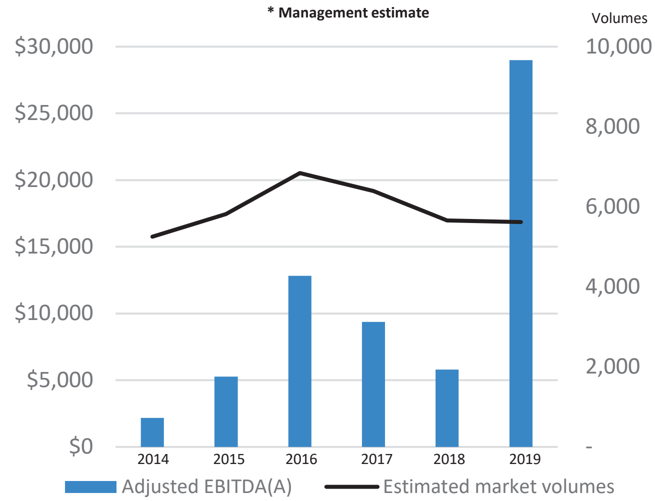
Our mission is to leverage our technology, network and logistics management capabilities, and field professional partnerships to deliver first time quality, faster turnaround times and consistently deliver better performance than our competitors. As volumes on our platform increase from market share 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 leading to an expansion of Net Revenue(A) margins. In addition, we also leverage our operations to expand Adjusted EBITDA(A) margins. Our objectives for each of these measures are outlined in the "Our long-term plan" section of this MD&A. Our consolidated operating performance since 2014 delivered a compound annual growth rate ("CAGR") of 29.0% for Net Revenue(A) and 54.0% for Adjusted EBITDA(A), while estimated origination volumes increased at a CAGR of 1.1% over the same time frame.

We prepare our financial statements in accordance with International Financial Reporting Standards. However, we consider certain Non-GAAP (as hereinafter defined) financial measures as useful additional information to assess our financial performance. Please refer to the "Non-GAAP" Measures" section of this MD&A for additional details regarding the use of Non-GAAP measures in this MD&A, including the definitions of Net Revenue(A) and Adjusted EBITDA(A).

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

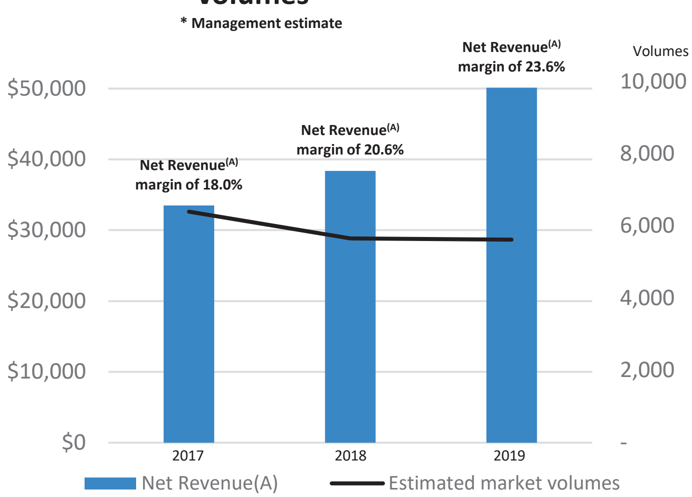


Adjusted EBITDA(A) relative to mortgage market origination volumes*

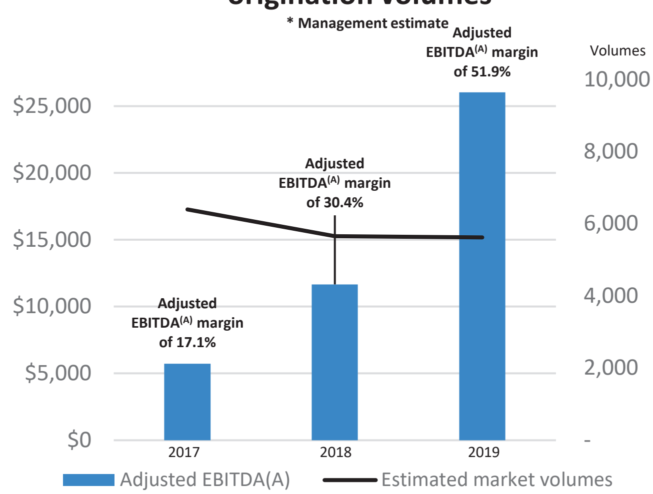


Our U.S. Appraisal segment is our more mature business in the U.S. As a result of higher volumes on our platform from market share gains, we have expanded our Net Revenue(A) and Adjusted EBITDA(A) margins in this segment. Net Revenue(A) CAGR for our U.S. Appraisal segment was 14.4% since 2017 and our Adjusted EBITDA(A) CAGR was 65.5% over the same time frame. Estimated mortgage market origination volumes declined at a CAGR of 4.2% since 2017.

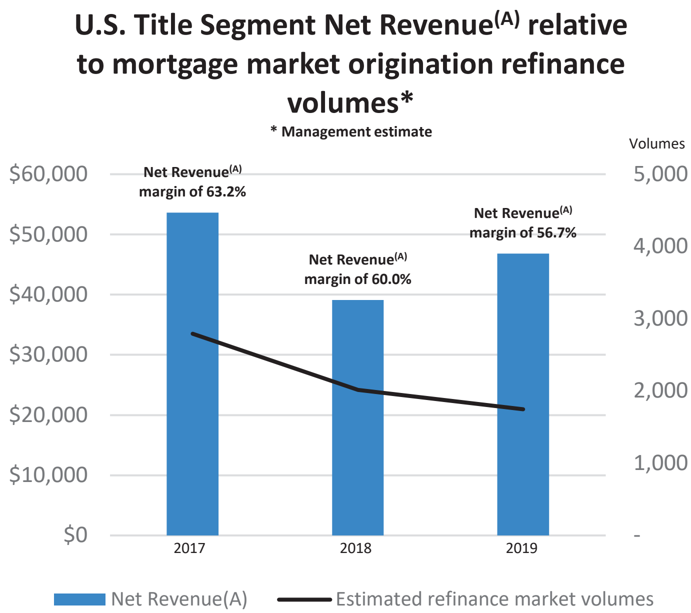
U.S. Appraisal Segment Net Revenue(A) relative to mortgage market origination volumes*

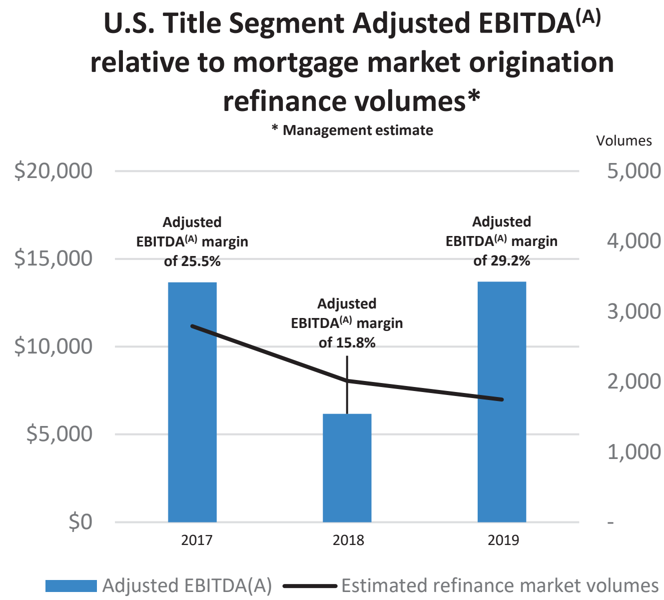


U.S. Appraisal Segment Adjusted EBITDA(A) relative to mortgage market origination volumes*



We entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. ("Linear") in April 2016. Since then, we have ported this business to our platform and have been investing in our field professional panels with the longer-term view of leveraging the network to expand Net Revenue(A) margins as we have done in our U.S. Appraisal segment. Today, our U.S. Title segment predominately services refinance mortgage origination activity. Notwithstanding that the estimated CAGR decline in mortgage market origination volumes attributable to refinance activity since 2017 was 14.5%, the Net Revenue(A) CAGR in our U.S. Title segment was negative 4.4% and our Adjusted EBITDA(A) CAGR increased a modest 0.1% over the same time frame.





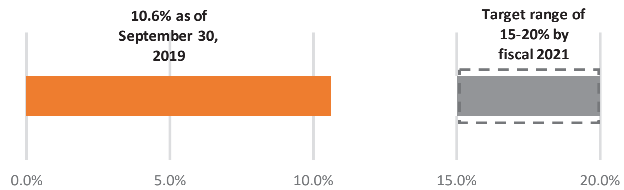
Our long-term plan

We take a long-term view to manage and measure the success of our business strategies. In this regard, our principal focus is on market share growth. We seek to achieve market share increases irrespective of market conditions for residential mortgage originations. 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, fluctuating interest rates, changing regulations and our clients' share of the market; each of which are not within our control. Similarly, achieving our consolidated Net Revenue(A) target (which is outlined below), is highly correlated to the volume of purchase and refinance related mortgage market origination activity. In particular, the volume of refinance activity is a principal driver of our U.S. Title segment revenues, which generate significantly higher Net Revenue(A) margins than our U.S. Appraisal segment. As such, the mix of mortgage market origination activity can impact the achievement of our target consolidated Net Revenue(A) margins.

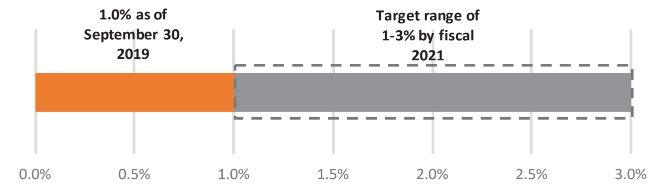
(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

By September 30, 2021 ("fiscal 2021"), our target market share objective for our U.S. Appraisal segment is 15-20% and our target market share objective for our U.S. Title segment is 1-3%. Our market share achievements and progression to our fiscal 2021 market share objectives are as follows:

U.S. Appraisal Segment Market Share

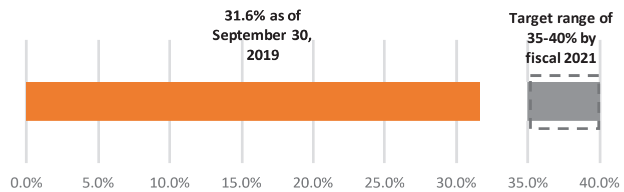


U.S. Title Segment Market Share

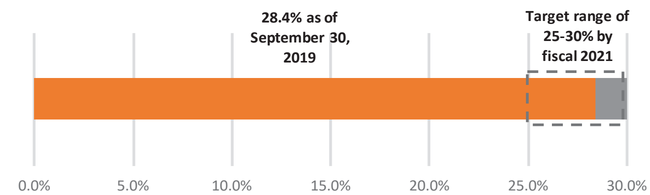


By fiscal 2021, we also expect to achieve the following consolidated Net Revenue[A] and Adjusted EBITDA[A] margins:

Consolidated Net Revenue[A] Margins



Consolidated Adjusted EBITDA[A] Margins



Our fiscal 2021 objectives are by no means the end for us – we have a significant amount of addressable market beyond our near-term objectives.

Margin expansion with volume growth

We expect to expand Net Revenue[A] and Adjusted EBITDA[A] margins across our U.S. Appraisal and U.S. Title segments in conjunction with an increase in volumes (illustrated in the table below). An increase in volumes can result from an increase in market share, market volume expansion or some combination of the two. However, due to the cyclicality of market volumes, we cannot predict when volumes will increase to the levels outlined below.

U.S. Appraisal Segment	2017	2018	2019	Margin expansion with volume growth
Volumes	480,722	489,194	530,016	1,000,000
Net Revenue[A] margin	18.0%	20.6%	23.6%	27.0%
Adjusted EBITDA[A] margin	17.1%	30.4%	51.9%	60.0%
U.S. Title Segment	**2017**	**2018**	**2019**	
Volumes	42,721	31,624	49,036	65,000
Net Revenue[A] margin	63.2%	60.0%	56.7%	65.0%
Adjusted EBITDA[A] margin	25.5%	15.8%	29.2%	30.0%

Canadian Segment

If volumes were to double in our Canadian segment from the base year of fiscal 2018, we expect to achieve Net Revenue[A] margins of 20%, as a percentage of revenues, and Adjusted EBITDA[A] margins of 50%, as a percentage of Net Revenue[A].

We're built for the long-run

We service a large addressable market, one of the largest in the world, and we provide our U.S. Appraisal, U.S. Title and Canadian services to blue chip clients. Getting to first transaction with the largest mortgage lenders is no small task, and our continued pursuit of outperforming our competition by leveraging our platform, helps solidify the relationships we have with our clients over the long-term. Our business is built for scale and we have a strong balance sheet to support our business objectives over the long-term.

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

Important Factors Affecting our Results from Operations

Our business is subject to a variety of risks and uncertainties. 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 fiscal years ended September 30, 2019 and 2018.

Review of Operations - For the year ended September 30, 2019

We conduct our business in the U.S. and Canada through three reportable segments: (i) U.S. appraisal ("U.S. Appraisal"); (ii) U.S. title and closing ("U.S. Title"); and (iii) Canada or Canadian. Expenses attributable to corporate activities are recorded in our Corporate segment. Please refer to the tables in the "Foreign Currency Exchange Rates" section of this MD&A for additional details regarding the impact that foreign currency exchange ("FX") had on our consolidated operating results for the year ended September 30, 2019.

Consolidated

	Year ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 322,537**	$ 281,451	$ 41,086	14.6%
Transaction costs	**$ 220,462**	$ 198,683	$ 21,779	11.0%
Operating expenses	**$ 74,917**	$ 78,680	$ (3,763)	-4.8%
Amortization	**$ 10,172**	$ 19,790	$ (9,618)	-48.6%
Non-GAAP measures				
Net Revenue(A)	**$ 102,075**	$ 82,768	$ 19,307	23.3%
Net Revenue(A) margin	**31.6%**	29.4%	2.2%	7.5%
Adjusted EBITDA(A)	**$ 28,977**	$ 5,793	$ 23,184	400.2%
Adjusted EBITDA(A) margin	**28.4%**	7.0%	21.4%	305.7%

Revenues

Consolidated revenues increased on strong market share growth and new client additions in our U.S. Appraisal segment, partially offset by lower market volumes. U.S. Title segment revenues increased due to market share growth, new client additions and higher revenues from diversified services, partially offset by lower market volumes for refinance activity. We further estimate that our U.S. Title segment clients serviced a greater proportionate share of refinance market volumes this year. Canadian segment revenues declined due to modestly lower market volumes and FX translation from a weaker Canadian dollar.

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, external abstractor costs and external quality review costs.

On a consolidated basis transaction costs in our U.S. Appraisal and U.S. Title segments increased, for the same reasons outlined in the consolidated revenue discussion above, due to higher volumes serviced. Canadian segment transaction costs declined due to lower market volumes and FX translation from a weaker Canadian dollar.

Operating expenses

Consolidated operating expenses declined due to a $1.9 million decline in payroll and related costs representing a $2.1 million decline in our U.S. Appraisal segment, partially offset by a modest $0.2 million increase in our U.S. Title segment. Canadian segment operating expenses declined modestly on lower payroll and related costs of $0.2 million and operating expenses in our Corporate segment declined on lower payroll and related costs of $1.2 million. Included in payroll and related costs for fiscal 2019 was $0.8 million of short-term incentive amounts payable to certain executives. Each executive's total target compensation remains unchanged between years, however, a portion of each executive's variable compensation is now being awarded as an annual bonus versus exclusively awarded as a stock option grant. Accordingly, short-term incentive compensation expense was $0.2 million in each of our U.S. Appraisal and U.S. Title segments, with the remaining $0.4 million recorded to our Corporate segment.

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

Amortization

Amortization declined due to lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue[(A)] and Adjusted EBITDA[(A)]

On a consolidated basis, Adjusted EBITDA[(A)] increased on strong improvements to Net Revenue[(A)] margins and lower operating costs resulting from productivity enhancements to our platform and operating leverage in our U.S. Appraisal segment. Our U.S. Title segment also contributed to the increase in Adjusted EBITDA[(A)] due to higher volumes serviced and higher comparative diversified revenues. We further estimate that our U.S. Title clients serviced a greater proportionate share of refinance market volumes this year, which also contributed to the comparative improvement in Net Revenues[(A)]. The decline in operating expenses in our Corporate segment and resulting improvement to Adjusted EBITDA[(A)] was due to lower payroll and related costs. Higher payroll and related costs incurred in fiscal 2018 to port our U.S. Title business to our platform was the primary reason for the year over year improvement. Our Canadian segment delivered a modest improvement to Adjusted EBITDA[(A)] as a result of improvements to Net Revenue[(A)] margins and modestly lower operating expenses. Finally, higher operating expenses due to a change in certain executives variable compensation awards, as outlined above in the consolidated operating expense discussion, partially offset the improvements to Adjusted EBITDA[(A)] from each of our three reportable segments.

U.S. Appraisal

	Year ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 212,717**	$ 186,464	$ 26,253	14.1%
Transaction costs	**$ 162,587**	$ 148,087	$ 14,500	9.8%
Operating expenses	**$ 24,106**	$ 26,715	$ (2,609)	-9.8%
Amortization	**$ 1,118**	$ 3,445	$ (2,327)	-67.5%
Non-GAAP measures				
Net Revenue[(A)]	**$ 50,130**	$ 38,377	$ 11,753	30.6%
Net Revenue[(A)] margin	**23.6%**	20.6%	3.0%	14.6%
Adjusted EBITDA[(A)]	**$ 26,024**	$ 11,662	$ 14,362	123.2%
Adjusted EBITDA[(A)] margin	**51.9%**	30.4%	21.5%	70.7%

Market adjusted growth and market share

	Year ended September 30	
(expressed in whole units)	**2019**	2018
Volumes, actual prior year[(1)]	**489,194**	480,722
Estimated market impact[(2)]	**-7.6%**	-12.6%
Volumes, actual prior year net of estimated market impact	**452,208**	420,111
Volumes, actual current year[(1)]	**530,016**	489,194
Volumes, growth year over year	**77,808**	69,083
Market adjusted growth	**17.2%**	16.4%
Market share	**10.6%**	9.0%

Note

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

(2) Management utilizes a variety of information to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

Revenues

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

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher volumes serviced resulting from market share gains and new client additions, partially offset by lower market volumes.

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

Operating expenses

Operating expenses in our U.S. Appraisal segment declined on lower payroll and related costs of $2.1 million, the result of productivity enhancements to our platform and the integration of certain operations in fiscal 2018. Lower rent expense from certain integration efforts also contributed $0.2 million to the decline.

Amortization

Amortization declined due to lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue[A] and Adjusted EBITDA[A]

Our U.S. Appraisal segment serviced higher origination volumes due to market share gains, specifically with our Tier 1 clients, and new client additions, partially offset by lower market volumes, which included significant declines in estimated default and home equity activity. Average revenue per unit increased due to the mix of services provided, while Net Revenue[A] margins expanded due to the network effect, increasing competition for volumes amongst our network of field professionals and servicing a higher proportion of higher priced origination volumes. The decline in payroll and related costs was the primary contributor to lower comparative operating costs and the resulting increase to Adjusted EBITDA[A], which was due to the combination of productivity enhancements to our platform and the integration of certain operations in fiscal 2018.

U.S. Title

	Year ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 82,649**	$ 65,220	$ 17,429	26.7%
Transaction costs	**$ 35,811**	$ 26,110	$ 9,701	37.2%
Operating expenses	**$ 33,142**	$ 32,937	$ 205	0.6%
Amortization	**$ 8,804**	$ 16,031	$ (7,227)	-45.1%
Non-GAAP measures				
Net Revenue[A]	**$ 46,838**	$ 39,110	$ 7,728	19.8%
Net Revenue[A] margin	**56.7%**	60.0%	-3.3%	-5.5%
Adjusted EBITDA[A]	**$ 13,696**	$ 6,173	$ 7,523	121.9%
Adjusted EBITDA[A] margin	**29.2%**	15.8%	13.4%	84.8%

Market adjusted growth (decline) and market share

	Year ended September 30	
(expressed in whole units)	**2019**	2018
Volumes, actual prior year[1]	**31,624**	42,721
Estimated market impact[2]	**-10.4%**	-12.9%
Volumes, actual prior year net of estimated market impact	**28,341**	37,217
Volumes, actual current year[1]	**49,036**	31,624
Volumes, growth (decline) year over year	**20,695**	(5,593)
Market adjusted growth (decline)[3]	**73.0%**	-15.0%
Market share	**1.0%**	0.6%

Note

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

(2) Management utilizes a variety of information to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

(3) Our U.S. Title segment almost exclusively services volumes attributable to refinance mortgage activity. However, this metric compares volumes serviced by our U.S. Title segment against total estimated market activity, which includes both purchase and refinance mortgage activity.

Revenues

U.S. Title segment revenues increased due to market share growth, new client additions and higher revenues from diversified services, partially offset by lower market volumes for refinance activity. We further estimate that our U.S. Title segment clients serviced a greater proportionate share of refinance market volumes this year. Lower interest rates contributed to the increase in higher refinance market volumes, and although reported volumes increased, average revenue per unit declined due to geographic mix. U.S. Title revenues attributable to reported volumes for this segment increased $13.9 million to $44.8 million. The increase in diversified revenues, being revenues which are not directly related to mortgage origination activity, reflects higher capital markets and commercial activity, partially offset by lower third party search services. Diversified revenues totaled $27.4 million, and represented 33.2% of total U.S. Title revenues in fiscal 2019, compared to $22.8 million, or 35.0% of total U.S. Title revenues in fiscal 2018.

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

Transaction costs

Transaction costs in our U.S. Title segment increased on higher refinance volumes received from our clients, as outlined in the revenue discussion above. Transaction costs also increased as a result of higher diversified volumes serviced.

Operating expenses

Operating expenses in our U.S. Title segment increased modestly on higher payroll and related costs. Higher payroll and related costs were the result of servicing higher levels of comparative activity and a change in variable compensation for certain executives, as outlined in the consolidated discussion above.

Amortization

Amortization declined on lower intangible asset amortization from fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue(A) and Adjusted EBITDA(A)

Our U.S. Title segment recorded higher Net Revenue(A) due to an increase in refinance volumes received from our clients. This segment also benefited from higher refinance market activity in the second half of fiscal 2019. The decline in average revenue per unit was the result of changes in geographic mix. The decline in Net Revenue(A) margins continues to reflect early days for our network management strategy in this segment, which will require time and a higher supply of volumes to achieve scale and deliver the same network effect as our U.S. Appraisal operations. Operating expenses increased modestly due to higher payroll and related costs, which are outlined above in the operating expense discussion.

Canada

	Year ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 27,171**	$ 29,767	$ (2,596)	-8.7%
Transaction costs	**$ 22,064**	$ 24,486	$ (2,422)	-9.9%
Operating expenses	**$ 2,456**	$ 2,720	$ (264)	-9.7%
Amortization	**$ -**	$ -	$ -	0.0%
Non-GAAP measures				
Net Revenue(A)	**$ 5,107**	$ 5,281	$ (174)	-3.3%
Net Revenue(A) margin	**18.8%**	17.7%	1.1%	6.2%
Adjusted EBITDA(A)	**$ 2,651**	$ 2,561	$ 90	3.5%
Adjusted EBITDA(A) margin	**51.9%**	48.5%	3.4%	7.0%

Revenues

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

Transaction costs

Transaction costs in our Canadian segment declined due to lower market volumes, increased competition for volumes amongst our network of field professionals and FX translation from a weaker Canadian dollar.

Operating expenses

The decline in Canadian segment operating expenses was primarily due to lower payroll and related costs, which was largely attributable to lower market volumes.

Amortization

Amortization was unchanged between fiscal 2019 and fiscal 2018.

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

Net Revenue(A) and Adjusted EBITDA(A)

Net Revenue(A) declined modestly on lower revenues but expanding Net Revenue(A) margins, and Adjusted EBITDA(A) improved on lower operating expenses attributable to lower payroll and related costs.

Corporate and other items

					Year ended September 30		
		2019		2018		Change	% Change
Operating expenses	**$**	**15,213**	$	16,308	$	(1,095)	-6.7%
Amortization	**$**	**250**	$	314	$	(64)	-20.4%
Acquisition costs (recoveries)	**$**	**267**	$	(7)	$	274	-3914.3%
Integration expenses	**$**	**685**	$	863	$	(178)	-20.6%
Impairment of assets	**$**	**361**	$	-	$	361	0.0%
Interest expense	**$**	**190**	$	410	$	(220)	-53.7%
Interest income	**$**	**(986)**	$	(698)	$	(288)	41.3%
Net foreign exchange gain	**$**	**(3,327)**	$	(4,971)	$	1,644	-33.1%
Loss (gain) on fair value of warrants	**$**	**5,617**	$	(7,386)	$	13,003	-176.0%
Re-measurement gain on previously held equity investment	**$**	**-**	$	(499)	$	499	-100.0%
Gain on sale of subsidiary	**$**	**(125)**	$	-	$	(125)	0.0%
Net income tax expense	**$**	**4,210**	$	601	$	3,609	600.5%

Operating expenses

Corporate operating expenses declined on lower payroll and related costs of $1.2 million due to higher spending in fiscal 2018 to port our U.S. Title business to our platform, net of a $0.4 million increase in variable compensation for certain executives, as outlined in the consolidated operating expense discussion above.

Amortization

There were no significant changes to amortization.

Acquisition costs (recoveries)

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

Integration expenses

Integration expenses in the current year reflect a lease termination fee paid in the first quarter of fiscal 2019 and integration expenses attributable to employee severance costs paid in the third quarter of fiscal 2019. Integration expenses in fiscal 2018 were also the result of employee severance costs incurred to rationalize and integrate certain operations into our network management business model.

Impairment of assets

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

Interest expense

Interest expense declined due to the accretion of contingent amounts owing to the sellers of Linear recorded in fiscal 2018. Contingent amounts owing to the sellers of Linear were paid in full in the third quarter of fiscal 2018.

Interest income

Interest income increased due to higher average invested amounts.

Net foreign currency gain

Net foreign currency 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.

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

denominated short-term investments recorded as cash equivalents. Gains recognized in each of fiscal 2019 and fiscal 2018 were the result of changes in the FX rate between the Canadian and U.S. dollar.

Loss (gain) on fair value of warrants

Gains and losses attributable to warrant liabilities are due in large part to changes in our share price. Our share price increased in fiscal 2019, causing us to recognize an increase in warrant liabilities recorded to the statement of financial position with a corresponding loss on the fair value of warrant liabilities. In fiscal 2018 our share price declined, resulting in the recognition of a gain on the fair value of warrant liabilities.

Re-measurement gain on previously held equity method investment

We amended an operating agreement with one of our joint venture partners in the first quarter of fiscal 2018 that resulted in us obtaining control over the joint venture. In connection with this amendment, we re-measured our original investment in this investee at the change of control date and recognized a non-cash gain on re-measurement.

Gain on sale of subsidiary

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

Income tax expense

We recorded net income of $14.3 million before income tax expense in fiscal 2019. Income tax calculated at the statutory income tax rate resulted in income tax expense of $3.9 million, including a modest income tax expense attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses and state tax expense together totaled $1.6 million, and prior year income tax adjustments resulted in a recovery of income tax of $1.3 million.

Review of Operations - For the three months ended September 30, 2019

Please refer to the tables in the "Foreign Currency Exchange Rates" section of this MD&A for additional details regarding the impact that FX had on our consolidated operating results for the three months ended September 30, 2019.

Consolidated

	Three months ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 107,326**	$ 67,989	$ 39,337	57.9%
Transaction costs	**$ 72,933**	$ 48,426	$ 24,507	50.6%
Operating expenses	**$ 20,599**	$ 17,760	$ 2,839	16.0%
Amortization	**$ 725**	$ 4,478	$ (3,753)	-83.8%
Non-GAAP measures				
Net Revenue(A)	**$ 34,393**	$ 19,563	$ 14,830	75.8%
Net Revenue(A) margin	**32.0%**	28.8%	3.2%	11.1%
Adjusted EBITDA(A)	**$ 14,089**	$ 2,142	$ 11,947	557.7%
Adjusted EBITDA(A) margin	**41.0%**	10.9%	30.1%	276.1%

Revenues

Consolidated revenues increased due to higher U.S. Appraisal revenues from strong market share growth and higher market volumes. U.S. Title revenues increased due to higher market volumes for refinance activity and higher diversified service revenues. We further estimate that the clients we serviced in our U.S. Title segment captured a greater proportionate share of the increase in refinance market volumes this quarter. Canadian segment revenues increased due to higher volumes serviced, partially offset by FX translation from a weaker Canadian dollar.

Transaction costs

On a consolidated basis, transaction costs in our U.S. Appraisal, U.S. Title and Canadian segments increased due to higher volumes serviced, as outlined in the consolidated revenue discussion above. The increase in Canadian segment transaction costs was partially offset by FX translation from a weaker Canadian dollar.

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

Operating expenses

Consolidated operating expenses increased primarily from higher payroll and related costs of $2.0 million, with $1.7 million of the increase attributable to our U.S. Title segment and $0.3 million attributable to our U.S. Appraisal segment. Canadian segment operating expenses declined modestly and the increase in Corporate segment operating expenses was due to a $0.2 million increase in data center costs. Included in payroll and related costs for fiscal 2019 was $0.8 million of short-term incentive amounts payable to certain executives. Each executive's total target compensation remains unchanged between years, however, a portion of each executive's variable compensation is now being awarded as an annual bonus versus exclusively awarded as a stock option grant. Accordingly, short-term incentive compensation expense was $0.2 million in each of our U.S. Appraisal and U.S. Title segments, with the remaining $0.4 million recorded to our Corporate segment.

Net Revenue[(A)] and Adjusted EBITDA[(A)]

On a consolidated basis, Adjusted EBITDA[(A)] increased on strong improvements to Net Revenue[(A)] from margin expansion and higher volumes serviced, partially offset by a modest increase in operating expenses in our U.S. Appraisal segment. Our U.S. Title segment also made a significant contribution to the increase in Adjusted EBITDA[(A)] due to higher market volumes for refinance activity and higher comparative diversified revenues. We further estimate that the clients we serviced in our U.S. Title segment captured a higher proportion of the increase in market volumes for refinance activity, which also contributed to the comparative increase in Net Revenue[(A)]. Our Canadian segment delivered a modest improvement to Adjusted EBITDA[(A)] from improvements to Net Revenue[(A)] margins and modestly lower operating expenses. The increase in Corporate segment operating expenses and resulting degradation to Adjusted EBITDA[(A)] was due to higher data center costs and the result of a change in certain executives variable compensation awards, as outlined in the consolidated operating expense discussion above.

U.S. Appraisal

	Three months ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 68,914**	$ 46,366	$ 22,548	48.6%
Transaction costs	**$ 53,018**	$ 36,839	$ 16,179	43.9%
Operating expenses	**$ 6,575**	$ 6,457	$ 118	1.8%
Amortization	**$ 208**	$ 424	$ (216)	-50.9%
Non-GAAP measures				
Net Revenue[(A)]	**$ 15,896**	$ 9,527	$ 6,369	66.9%
Net Revenue[(A)] margin	**23.1%**	20.5%	2.6%	12.7%
Adjusted EBITDA[(A)]	**$ 9,321**	$ 3,070	$ 6,251	203.6%
Adjusted EBITDA[(A)] margin	**58.6%**	32.2%	26.4%	82.0%

Market adjusted growth and market share

	Three months ended September 30	
(expressed in whole units)	**2019**	2018
Volumes, actual prior period[(1)]	**124,064**	134,111
Estimated market impact[(2)]	**10.8%**	-15.0%
Volumes, actual prior period net of estimated market impact	**137,440**	113,994
Volumes, actual current period[(1)]	**162,997**	124,064
Volumes, growth period over period	**25,557**	10,070
Market adjusted growth	**18.6%**	8.8%

Note

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

(2) Management utilizes a variety of information to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

Revenues

The increase in U.S. Appraisal revenues was due to market share gains and new client additions, coupled with higher market volumes.

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

Transaction costs

Transaction costs in our U.S. Appraisal segment increased due to higher volumes serviced, as outlined in the revenues discussion above. This increase in transaction costs was partially offset by an increase in competition amongst our field professionals for transaction volumes.

Operating expenses

Operating expenses in our U.S. Appraisal segment increased due to higher payroll and related costs of $0.3 million, higher volumes serviced and a change in certain executives variable compensation awards, as outlined in the consolidated operating expense discussion above, partially offset by lower rent expense of $0.1 million from integration efforts in previous periods.

Amortization

Amortization declined due to lower amortization from fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue[(A)] and Adjusted EBITDA[(A)]

Our U.S. Appraisal segment serviced higher origination volumes due to strong market share gains, specifically with our Tier 1 clients, and higher market volumes. Average revenue per unit increased due to the mix of services provided and Net Revenue[(A)] margins expanded due to the network effect, increasing competition for volumes amongst our network of field professionals and servicing a higher proportion of higher price origination volumes. Modestly higher operating expense from higher payroll and related costs partially offset the strong improvements to Adjusted EBITDA[(A)] from stronger Net Revenue[(A)].

U.S. Title

	Three months ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 30,109**	$ 14,505	$ 15,604	107.6%
Transaction costs	**$ 13,091**	$ 5,697	$ 7,394	129.8%
Operating expenses	**$ 9,381**	$ 6,929	$ 2,452	35.4%
Amortization	**$ 450**	$ 3,994	$ (3,544)	-88.7%
Non-GAAP measures				
Net Revenue[(A)]	**$ 17,018**	$ 8,808	$ 8,210	93.2%
Net Revenue[(A)] margin	**56.5%**	60.7%	-4.2%	-6.9%
Adjusted EBITDA[(A)]	**$ 7,637**	$ 1,879	$ 5,758	306.4%
Adjusted EBITDA[(A)] margin	**44.9%**	21.3%	23.6%	110.8%

Market adjusted growth (decline) and market share

	Three months ended September 30	
(expressed in whole units)	**2019**	2018
Volumes, actual prior period[(1)]	**6,344**	9,361
Estimated market impact[(2)]	**10.8%**	-15.0%
Volumes, actual prior period net of estimated market impact	**7,028**	7,957
Volumes, actual current period[(1)]	**21,258**	6,344
Volumes, growth (decline) period over period	**14,230**	(1,613)
Market adjusted growth (decline)[(3)]	**202.5%**	-20.3%

Note

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

(2) Management utilizes a variety of information to estimate the market impact, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes.

(3) Our U.S. Title segment almost exclusively services volumes attributable to refinance mortgage activity. However, this metric compares volumes serviced by our U.S. Title segment against total estimated market activity, which includes both purchase and refinance mortgage activity.

Revenues

U.S. Title revenues increased due to higher market volumes for refinance activity, coupled with an increase in diversified services provided. Lower interest rates contributed to the increase in volumes serviced and revenues recorded, and we further estimate that our clients captured a higher proportion of the increase in market volumes for refinance activity. U.S. Title revenues attributable to reported volumes for this segment increased $13.1 million to $19.2 million. Although reported volumes increased, average revenue per unit declined due to geographic mix. The increase in diversified revenues reflects higher capital markets, commercial and third party search services. Diversified revenues totaled $8.2 million, and represented 27.4% of total U.S. Title revenues in the fourth quarter of fiscal 2019, compared to $5.3 million, or 36.3% of total U.S. Title revenues in the same period last year.

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

Transaction costs

Transaction costs in our U.S. Title segment increased due to higher volumes serviced as a result of higher market volumes for refinance activity stemming from a lower comparative interest rate environment and higher diversified volumes serviced. In addition, we estimate that the clients we service captured a higher proportion of the increase in market volumes for refinance activity.

Operating expenses

Operating expenses in our U.S. Title segment increased due primarily to higher payroll and related costs of $1.7 million, higher courier expense of $0.4 million and higher bank charges of $0.1 million, each the result of higher volumes serviced. Bad debt expense also increased by $0.2 million due to higher levels of diversified services provided.

Amortization

Amortization declined due to lower amortization from fully amortized intangibles attributable to acquisitions completed in previous years.

Net Revenue(A) and Adjusted EBITDA(A)

Our U.S. Title segment serviced higher refinance and diversified volumes which contributed to the significant increase in Net Revenue(A). Higher refinance volumes were attributable to higher market activity for refinance transactions and our estimate that the clients we service captured a higher proportion of the market increase. Average revenue per unit for these volumes declined due to geographic mix. The decline in Net Revenue(A) margins continues to reflect early days for our network management strategy in this segment, which will require time and a higher supply of volumes to achieve scale and deliver the same network effect as our U.S. Appraisal segment. The increase in operating expenses was also attributable to higher volumes serviced, as outlined above in the operating expense discussion, which partially offset the improvement to Adjusted EBITDA(A) from higher Net Revenue(A).

Canada

	Three months ended September 30			
	2019	2018	Change	% Change
Revenues	**$ 8,303**	$ 7,118	$ 1,185	16.6%
Transaction costs	**$ 6,824**	$ 5,890	$ 934	15.9%
Operating expenses	**$ 587**	$ 651	$ (64)	-9.8%
Amortization	**$ -**	$ -	$ -	0.0%
Non-GAAP measures				
Net Revenue(A)	**$ 1,479**	$ 1,228	$ 251	20.4%
Net Revenue(A) margin	**17.8%**	17.3%	0.5%	2.9%
Adjusted EBITDA(A)	**$ 892**	$ 577	$ 315	54.6%
Adjusted EBITDA(A) margin	**60.3%**	47.0%	13.3%	28.3%

Revenues

Revenues in Canada increased due to higher appraisal volumes from increasing market share with certain Canadian clients, coupled with a stronger mortgage origination market, but partially offset by FX translation from a weaker Canadian dollar. Canadian revenues from appraisal and insurance inspection services were $7.3 million and $1.0 million, respectively, in the fourth quarter of fiscal 2019 versus $6.1 million and $1.0 million in the fourth quarter of fiscal 2018.

Transaction costs

Transaction costs in our Canadian segment increased on higher volumes serviced, partially offset by the network effect, higher competition for volumes amongst our field professionals and FX translation from a weaker Canadian dollar.

Operating expenses

The modest decline in Canadian operating expenses was attributable to lower payroll and related costs.

Amortization

Amortization was unchanged between the fourth quarter of fiscal 2019 and the fourth quarter of fiscal 2018.

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

Net Revenue(A) and Adjusted EBITDA(A)

Net Revenue(A) increased due to higher appraisal volumes from increasing market share with certain Canadian clients, coupled with a stronger mortgage origination market. Net Revenue(A) also benefited modestly from margin expansion due to the network effect and increasing competition for volumes amongst our network of field professionals. Modestly lower operating expenses from lower payroll and related costs also contributed to the improvement in Adjusted EBITDA(A).

Corporate and other items

	Three months ended September 30			
	2019	2018	Change	% Change
Operating expenses	**$ 4,056**	$ 3,723	$ 333	8.9%
Amortization	**$ 67**	$ 60	$ 7	11.7%
Integration expenses	**$ -**	$ 72	$ (72)	-100.0%
Interest expense	**$ 45**	$ 52	$ (7)	-13.5%
Interest income	**$ (240)**	$ (227)	$ (13)	5.7%
Net foreign exchange (gain) loss	**$ (1,876)**	$ 2,380	$ (4,256)	-178.8%
Loss (gain) on fair value of warrants	**$ 3,131**	$ (1,344)	$ 4,475	-333.0%
Net income tax expense (recovery)	**$ 4,058**	$ (1,064)	$ 5,122	-481.4%

Operating expenses

Corporate operating expenses increased due to higher data center costs of $0.2 million. Corporate operating expenses attributable to payroll and related costs were generally unchanged and reflect higher spending in the fourth quarter of fiscal 2018 to port our U.S. Title business to our platform, offset by a $0.4 million increase in variable compensation for certain executives, as outlined in the consolidated operating expense discussion above.

Amortization

There were no significant changes to amortization.

Integration expenses

Integration expenses represent employee severance costs incurred to rationalize and integrate certain operations into our network management business model. We incurred no integration expenses in the current year period.

Interest expense

Interest expense represents standby fees incurred on our senior term and revolving credit facilities, amortization of deferred financing costs and interest on finance leases. The change was not significant.

Interest income

Interest income increased modestly due to higher average invested amounts.

Net foreign currency (gain) loss

The gain recorded in the fourth quarter of fiscal 2019 and the loss recorded in the fourth quarter of fiscal 2018, were the result of changes in the FX rate between the Canadian and U.S. dollar.

Loss (gain) on fair value of warrants

Our share price increased in the fourth quarter of fiscal 2019, which caused us to recognize an increase in warrant liabilities recorded to the statement of financial position with a corresponding loss on the fair value of warrant liabilities. In the fourth quarter of fiscal 2018 our share price declined, resulting in the recognition of a gain on the fair value of warrant liabilities.

Income tax expense (recovery)

We recorded net income of $12.0 million before income tax expense in the fourth quarter of fiscal 2019. Income tax calculated at the statutory income tax rate resulted in income tax expense of $3.4 million, including a modest income tax expense attributable to foreign earnings subject to tax at a different statutory tax rate. Non-deductible expenses and state tax expense together totaled $0.8 million, and prior period income tax adjustments resulted in a recovery of income tax of $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" and "Adjusted Net Income or Loss".

(A)

Adjusted EBITDA

All references to ''Adjusted EBITDA'' in this MD&A are to net income or loss before stock-based compensation expense, amortization, acquisition recoveries or costs, integration expenses, impairment of assets, interest expense, interest income, net foreign exchange gains or losses, gains or losses on fair value of warrants, re-measurement gains or losses on previously held equity method investments, gain or loss on sale of subsidiary and income tax expense or recovery. Adjusted EBITDA is a measure of our operating profitability and therefore excludes certain items that are viewed by us as either non-cash (in the case of stock-based compensation expense, amortization, impairment of assets, unrealized net foreign exchange gain or loss, gain or loss on the fair value of warrants, re-measurement gains or losses on previously held equity method investments, gain or loss on sale of subsidiary and deferred income taxes) or non-operating (in the case of acquisition recoveries or costs, integration expenses, realized net foreign exchange gain or loss, interest expense, interest income and current income taxes). Adjusted EBITDA is a useful financial and operating metric for the Company, our board of directors and our lender, and it represents a measure of the Company's operating performance relative to its peers and the Company's compliance with its long-term debt facility covenants. The underlying reasons for excluding each item are as follows:

Stock-based compensation expense: These costs represent non-cash expenses for equity settled awards recognized in connection with our initial public offering ("IPO") or ongoing stock-based compensation awards. These non-cash amounts are recorded to operating expenses and represent a different class of expense than those included in Adjusted EBITDA.

Amortization: As a non-cash item, amortization is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

Acquisition recoveries or costs: These recoveries or costs represent non-operating items and include transaction related recoveries or costs specific to acquisitions. These recoveries or costs are not indicative of continuing operations and therefore represent a different class of recovery or expense than those included in Adjusted EBITDA.

Integration expenses: These expenses represent non-operating costs, primarily comprising employee severance and lease termination fees. These expenses are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

Impairment of assets: As a non-cash item, impairment of assets is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

Interest expense and income: Interest expense or income reflects our debt and equity mix, interest rates, investment strategy and borrowing position from time-to-time. Accordingly, interest expense or income reflects our treasury and financing activities and therefore represents a different class of expense or income than those included in Adjusted EBITDA.

Net foreign exchange gain or loss: As non-cash items, unrealized net foreign exchange gains or losses are not indicative of our operating profitability. Realized net foreign exchange gains or losses reflects our treasury and financing activities and represent a different class of income or expense than those included in Adjusted EBITDA.

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

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

Re-measurement gain or loss on previously held equity method investment: As a non-cash item, the re-measurement gain or loss on a previously held equity method investment is not indicative of our operating profitability and therefore represents a different class of income or expense than those included in Adjusted EBITDA.

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

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

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 ended and years ended September 30, 2019 and 2018. The reconciling items between net income or loss and Adjusted EBITDA for the three months ended and years ended September 30, 2019 and 2018 were as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
Net income (loss)	**$ 7,951**	$ (2,544)	**$ 10,094**	$ (4,015)
Stock-based compensation expense	**295**	339	**1,819**	1,705
Amortization	**725**	4,478	**10,172**	19,790
Acquisition costs (recoveries)	**-**	-	**267**	(7)
Integration expenses	**-**	72	**685**	863
Impairment of assets	**-**	-	**361**	-
Interest expense	**45**	52	**190**	410
Interest income	**(240)**	(227)	**(986)**	(698)
Net foreign exchange (gain) loss	**(1,876)**	2,380	**(3,327)**	(4,971)
Loss (gain) on fair value of warrants	**3,131**	(1,344)	**5,617**	(7,386)
Re-measurement gain on previously held equity method investment	**-**	-	**-**	(499)
Gain on sale of subsidiary	**-**	-	**(125)**	-
Income tax expense (recovery)	**4,058**	(1,064)	**4,210**	601
Adjusted EBITDA	**$ 14,089**	$ 2,142	**$ 28,977**	$ 5,793

Management typically calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
Revenues	**$ 107,326**	$ 67,989	**$ 322,537**	$ 281,451
Less: Transaction costs	**72,933**	48,426	**220,462**	198,683
Less: Operating expenses	**20,599**	17,760	**74,917**	78,680
Add: Stock-based compensation expense	**295**	339	**1,819**	1,705
Adjusted EBITDA	**$ 14,089**	$ 2,142	**$ 28,977**	$ 5,793

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

Adjusted EBITDA by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
U.S. Appraisal	**$ 9,321**	$ 3,070	**$ 26,024**	$ 11,662
U.S. Title	**7,637**	1,879	**13,696**	6,173
Canada	**892**	577	**2,651**	2,561
Corporate (excluding stock-based compensation)	**(3,761)**	(3,384)	**(13,394)**	(14,603)
Consolidated Adjusted EBITDA	**$ 14,089**	$ 2,142	**$ 28,977**	$ 5,793

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	
	2019	2018	**2019**	2018
U.S. Appraisal	**58.6%**	32.2%	**51.9%**	30.4%
U.S. Title	**44.9%**	21.3%	**29.2%**	15.8%
Canada	**60.3%**	47.0%	**51.9%**	48.5%
Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation)	**41.0%**	10.9%	**28.4%**	7.0%

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 comprise expenses directly attributable to a specific revenue transaction including: appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, closing agent costs, external abstractor costs and external quality review costs. Net Revenue is a useful financial and operating metric for us and our board of directors to assess our operating performance and the value of 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 ended and years ended September 30, 2019 and 2018 were as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
Net income (loss)	**$ 7,951**	$ (2,544)	**$ 10,094**	$ (4,015)
Operating expenses	**20,599**	17,760	**74,917**	78,680
Amortization	**725**	4,478	**10,172**	19,790
Acquisition costs (recoveries)	**-**	-	**267**	(7)
Integration expenses	**-**	72	**685**	863
Impairment of assets	**-**	-	**361**	-
Interest expense	**45**	52	**190**	410
Interest income	**(240)**	(227)	**(986)**	(698)
Net foreign exchange (gain) loss	**(1,876)**	2,380	**(3,327)**	(4,971)
Loss (gain) loss on fair value of warrants	**3,131**	(1,344)	**5,617**	(7,386)
Re-measurement gain on previously held equity method investment	**-**	-	**-**	(499)
Gain on sale of subsidiary	**-**	-	**(125)**	-
Income tax expense (recovery)	**4,058**	(1,064)	**4,210**	601
Net Revenue	**$ 34,393**	$ 19,563	**$ 102,075**	$ 82,768

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

Management typically calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
Revenues	**$ 107,326**	$ 67,989	**$ 322,537**	$ 281,451
Less: Transaction costs	**72,933**	48,426	**220,462**	198,683
Net Revenue	**$ 34,393**	$ 19,563	**$ 102,075**	$ 82,768

Net Revenue by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
U.S. Appraisal	**$ 15,896**	$ 9,527	**$ 50,130**	$ 38,377
U.S. Title	**17,018**	8,808	**46,838**	39,110
Canada	**1,479**	1,228	**5,107**	5,281
Consolidated Net Revenue	**$ 34,393**	$ 19,563	**$ 102,075**	$ 82,768

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	
	2019	2018	**2019**	2018
U.S. Appraisal	**23.1%**	20.5%	**23.6%**	20.6%
U.S. Title	**56.5%**	60.7%	**56.7%**	60.0%
Canada	**17.8%**	17.3%	**18.8%**	17.7%
Consolidated Net Revenue margin	**32.0%**	28.8%	**31.6%**	29.4%

Adjusted Net Income or Loss

All references to “Adjusted Net Income or Loss” in this MD&A are to net income or loss before stock-based compensation expense, amortization of intangibles, acquisition recoveries or costs, integration expenses, impairment of assets, net foreign exchange gains or losses, gains or losses on fair value of warrants, re-measurement gains or losses on a previously held equity method investment and gain or loss on sale of subsidiary, net of the related tax effects. In addition, U.S. tax reform resulted in a significant reduction to the carrying amount of our deferred income tax assets that were previously recorded at a higher U.S. corporate tax rate, which resulted in a one-time charge to deferred tax expense recorded in our consolidated statement of operations and comprehensive loss in the three month period ended December 31, 2017. Adjusted Net Income or Loss is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Adjusted Net Income or Loss is a measure of our operating profitability and, by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of stock-based compensation expense, amortization of intangibles, impairment of assets, unrealized net foreign exchange gain or loss, gain or loss on fair value of warrants, re-measurement gains or losses on a previously held equity method investment and gain or loss on sale of subsidiary) or non-operating (in the case of acquisition recoveries or costs, integration expenses, realized net foreign exchange gains or losses and the impact of the statutory corporate income tax rate change resulting from U.S. tax reform). 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 excluding treasury, capital, acquisition and related costs and non-operating costs.

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

The reconciling items between net income or loss and Adjusted Net Income or Loss for the three months ended and years ended September 30, 2019 and 2018 were as follows:

	Three months ended September 30		Year ended September 30	
	2019	2018	**2019**	2018
Net income (loss)	**$ 7,951**	$ (2,544)	**$ 10,094**	$ (4,015)
Stock-based compensation expense	**295**	339	**1,819**	1,705
Amortization of intangibles	**431**	4,123	**8,981**	18,236
Acquisition costs (recoveries)	**-**	-	**267**	(7)
Integration expenses	**-**	72	**685**	863
Impairment of assets	**-**	-	**361**	-
Net foreign exchange (gain) loss	**(1,876)**	2,380	**(3,327)**	(4,971)
Loss (gain) loss on fair value of warrants	**3,131**	(1,344)	**5,617**	(7,386)
Re-measurement gain on previously held equity method investment	**-**	-	**-**	(499)
Gain on sale of subsidiary	**-**	-	**(125)**	-
Related tax effects	**(442)**	(1,458)	**(3,470)**	(1,909)
Impact of statutory income tax rate change (U.S. tax reform)	**-**	-	**-**	4,707
Adjusted Net Income	**$ 9,490**	$ 1,568	**$ 20,902**	$ 6,724

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

Dividends

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

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

Selected Annual Information

		Year ended September 30				
		2019		2018		2017
Revenues	**$**	**322,537**	$	281,451	$	302,976
Net income (loss)	**$**	**10,094**	$	(4,015)	$	(23,769)
Net income (loss) per weighted average share, basic	**$**	**0.10**	$	(0.05)	$	(0.30)
Net income (loss) per weighted average share, diluted	**$**	**0.10**	$	(0.05)	$	(0.30)
Total assets	**$**	**203,083**	$	198,863	$	226,563
Total long-term liabilities	**$**	**6,833**	$	4,312	$	13,474

Revenues

2019-2018

Please see the "Review of Operations – For the year ended September 30, 2019" section of this MD&A for a detailed discussion regarding the change in revenues between fiscal 2019 and fiscal 2018.

2018-2017

Consolidated

Consolidated revenues declined on a comparative basis. Lower U.S. Title revenues were due to lower market volumes for refinance mortgage activity and lower diversified revenues. U.S. Appraisal revenues were flat comparatively and revenues in our Canadian segment declined on lower market activity. In addition, we recorded revenues in fiscal 2018 of $2.2 million in our U.S. Title segment from the consolidation of joint ventures previously accounted for as equity accounted investees.

U.S. Appraisal

U.S. Appraisal revenues were flat compared to fiscal 2017. We realized significant revenue growth when the market impact is excluded. For fiscal 2018, the average price per unit declined modestly, reflecting the geographic mix of volumes we serviced.

In fiscal 2018, we estimated our U.S. Appraisal revenues grew on a market adjusted basis and that our market share increased to 9.0%. On a market adjusted basis, we estimated that we serviced 69.1 thousand more units and that mortgage origination volumes declined due in large part to lower refinance volumes.

U.S. Title

U.S. Title revenues declined on a comparative basis due to lower refinance volumes and lower revenues from project based work. Our U.S. Title segment principally services refinance mortgage origination volumes and the volumes we serviced declined 5.6 thousand units on a market adjusted basis. Pricing in this segment was modestly higher on a comparative basis. We also realized a decline in diversified revenues due to lower third-party search work which was partially offset by higher revenues from capital markets activity. Contributions to U.S. Title revenues of $2.2 million from the consolidation of joint ventures previously accounted for as equity accounted investees partially offset these declines.

Canada

Revenues in Canada declined due to a weaker Canadian housing market. However, a stronger Canadian dollar and higher insurance inspection revenues contributed to fiscal 2018 revenues. Canadian revenues from appraisal and insurance inspection services were $25.8 million and $4.0 million, respectively, in fiscal 2018 compared to $28.1 million and $3.6 million in fiscal 2017.

Net income (loss)

2019-2018

Please see the "Review of Operations – For the year ended September 30, 2019" section of this MD&A for a detailed discussion of the components comprising the change in net income (loss) between fiscal 2019 and fiscal 2018.

2018-2017

Our net loss was significantly lower on a comparative basis. Factors contributing to this change included higher gains on the fair value of warrants and a re-measurement gain on a previously held equity method investment. Higher gains on the fair value of warrants was due to a decline in our share price, and we also recognized gains on certain warrants exercised during fiscal 2018 as a result of their exercise occurring at a lower price than the fair value attributable to each warrant at the end of fiscal 2017. A lower net loss was also due to lower acquisition and IPO costs, lower expenses attributable to the impairment of assets and higher net foreign currency exchange gains. In fiscal 2017, we incurred IPO costs for third-party professional services and we recognized an impairment charge related to two equity accounted investees recorded in our U.S. operations that we determined were impaired. There were no equivalent expenses recognized in fiscal 2018. Higher net foreign currency gains in fiscal 2018 represented non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and gains recognized on the revaluation of U.S. denominated short-term investments. Higher net foreign currency exchange gains were due to higher year-to-year changes between the Canadian and U.S. dollar. These improvements were partially offset by lower Adjusted EBITDA(A), from declining or flat revenues across all three segments due to lower market volumes, and lower deferred income tax recoveries. U.S. tax reform lowered our statutory corporate income tax rate which resulted in a significant reduction to the carrying amount of our deferred tax assets, which we previously recorded at a higher U.S. corporate tax rate, and resulted in a one-time charge to deferred tax expense in fiscal 2018.

Total Assets

2019-2018

Total assets increased on higher trade and other receivables of $12.5 million and higher cash and cash equivalents of $3.6 million. These increases were partially offset by a decline in intangibles of $9.0 million and a decline in deferred tax assets of $3.4 million. The increase in trade and other receivables was attributable to an increase in trade receivables across our U.S. operations and reflects a 48.6% and 56.5% increase in U.S. Appraisal and U.S. Title segment revenues from diversified services, respectively, in the fourth quarter of fiscal 2019 versus the same quarter in fiscal 2018. The increase in cash and cash equivalents reflects a strong Adjusted EBITDA(A) performance in fiscal 2019, as detailed in the "Review of Operations - For the year ended September 30, 2019" section of this MD&A, and corresponding increase in cash generated from operating activities. Adjusted EBITDA(A) of $29.0 million and a net foreign exchange gain of $3.3 million were the most significant contributors to the $25.6 million of cash generated from operating activities in fiscal 2019, which were partially offset by a $4.7 million investment in non-cash working capital and income taxes paid of $1.8 million. Strong cash from operating activities was partially utilized for investing activities, largely to build out our Rhode Island facility and to separate our diversified operations from all other U.S. Title segment operations. In addition, $19.0 million of cash was utilized for financing activities, of which $20.2 million was used to purchase our shares under our normal course issuer bid, partially offset by proceeds received from the exercise of warrants and stock options. The decline in intangibles was due to normal course amortization recorded in our U.S. segments and the decline in deferred tax assets was due in large part to the utilization of tax loss carryforwards from strong operating results.

2018-2017

Total assets declined due primarily to an $18.2 million decline in intangible assets attributable to normal course amortization. Trade and other receivables declined $8.0 million on lower revenues which were largely impacted by lower market volumes and stronger collections in our U.S. Title segment. The remainder of the decline reflected lower cash and cash equivalent balances of $3.6 million and lower property and equipment balances of $1.1 million, which were partially offset by higher deferred tax asset and goodwill balances of $2.1 million and $1.6 million, respectively. Lower cash and cash equivalents was the result of us generating $10.4 million in cash from operations, of which $10.0 million of this amount was used to satisfy the second earn-out payment paid to the sellers of Linear in April 2018. We invested $3.3 million in the purchase of our shares under a normal course issuer bid that commenced in June 2018 and proceeds from the exercise of options and warrants were offset by foreign currency translation and investments in property and equipment. The decline in property and equipment reflects normal course amortization net of a negligible amount capitalized to property and equipment on acquisition. The increase in deferred tax assets represents timing differences between accounting and tax for intangible assets and higher tax losses carried forward, partially offset by lower deferred tax assets attributable to the second earn-out payment made to the sellers of Linear. Finally, the increase in goodwill was attributable to acquired interests in joint ventures.

Total Long-Term Liabilities

2019-2018

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

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

2018-2017

Total long-term liabilities declined on a comparative basis. Warrant liabilities declined $9.0 million due in large part to the decline in our share price, coupled with the exercise of certain warrants in fiscal 2018. The balance of the change reflects normal course payments for finance lease obligations.

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

Summary of Quarterly Results

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

2018	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	$ 46,366	$ 50,129	$ 42,936	$ 47,033	$ 186,464
U.S. Title	14,505	14,995	16,327	19,393	65,220
Canada	7,118	8,399	6,806	7,444	29,767
Total revenues	$ 67,989	$ 73,523	$ 66,069	$ 73,870	$ 281,451
Net (loss) income	$ (2,544)	$ 941	$ 2,977	$ (5,389)	$ (4,015)
Net (loss) income - attributable to common shareholders	$ (2,615)	$ 758	$ 2,826	$ (5,540)	$ (4,571)
Net (loss) income per weighted average share, basic	$ (0.03)	$ 0.01	$ 0.03	$ (0.06)	$ (0.05)
Net (loss) income per weighted average share, diluted	$ (0.03)	$ 0.01	$ 0.03	$ (0.06)	$ (0.05)

Revenues

U.S. Appraisal Segment

	Q4	Q3	Q2	Q1	Total
2019	$ **68,914**	$ **61,095**	$ **43,120**	$ **39,588**	$ **212,717**
2018	$ 46,366	$ 50,129	$ 42,936	$ 47,033	$ 186,464
Change	$ **22,548**	$ **10,966**	$ **184**	$ **(7,445)**	$ **26,253**

2019-2018

U.S. Appraisal revenues declined in the first quarter of fiscal 2019 compared to the same quarter in fiscal 2018, due entirely to lower market volumes.

U.S. Appraisal revenues increased in the final three quarters of fiscal 2019 compared to the same quarters in fiscal 2018. These increases were the result of gaining market share in origination volumes, specifically with our Tier 1 clients. While lower market volumes persisted in the second and third quarters of fiscal 2019, including significant declines in default and home equity volumes, market volumes turned positive in the fourth quarter of fiscal 2019 due to strength in refinance mortgage activity. Average revenue per unit increased in each quarter due to service mix, the result of a greater proportion of higher priced origination volumes being serviced.

On a market adjusted basis, we serviced more volume in each quarter of fiscal 2019 compared to fiscal 2018.

U.S. Title Segment

	Q4	Q3	Q2	Q1	Total
2019	**$ 30,109**	**$ 22,786**	**$ 14,789**	**$ 14,965**	**$ 82,649**
2018	$ 14,505	$ 14,995	$ 16,327	$ 19,393	$ 65,220
Change	**$ 15,604**	**$ 7,791**	**$ (1,538)**	**$ (4,428)**	**$ 17,429**

2019-2018

U.S. Title revenues declined in the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018 due to lower market volumes for refinance activity, partially offset by modestly higher diversified revenues. Our U.S. Title segment principally services refinance mortgage activity, which declined faster than the estimated market activity for purchase transactions. Diversified revenues increased due to higher capital markets and commercial work, which was partially offset by lower third-party search work.

U.S. Title revenues declined in the second quarter of fiscal 2019 compared to the same quarter in fiscal 2018. This decline reflects lower market volumes for refinance activity and lower comparative diversified revenues. Lower interest rates in the first quarter of fiscal 2019, resulted in a modest increase in volumes serviced and revenues recorded, excluding diversified revenues, in the second quarter of fiscal 2019 when compared to our first quarter in fiscal 2019. We estimate on a market adjusted basis that we serviced more volume in the second quarter of fiscal 2019 than we did in the second quarter of fiscal 2018. The decline in diversified revenues was due to lower third party search services, partially offset by higher capital markets activity.

U.S. Title revenues increased in the third quarter of fiscal 2019 compared to the same quarter in fiscal 2018. This increase reflects higher market volumes for refinance activity attributable to a decline in interest rates, market share gains with existing clients, new client additions and our view that our clients captured a larger portion of the increase in market volumes for refinance activity. We estimate, on a market adjusted basis, that we serviced more volume than we did in the third quarter of fiscal 2018. U.S. Title segment revenues attributable to reported volumes for this segment increased, however the average revenue per unit for these volumes declined due to geographic mix. Diversified revenues increased due to higher capital markets and commercial activity, partially offset by lower third party search services.

U.S. Title revenues increased in the fourth quarter of fiscal 2019 compared to the same quarter in fiscal 2018 due to higher market volumes for refinance activity, coupled with an increase in diversified activity. Lower interest rates contributed to the increase in volumes serviced and revenues recorded, and we further estimate that our clients captured a higher proportion of the increase in market volumes for refinance activity. U.S. Title revenues attributable to reported volumes for this segment increased, however average revenue per unit declined due to geographic mix. The increase in diversified revenues reflects higher capital markets, commercial and third party search services supplied.

Canadian Segment – expressed in thousands of Canadian dollars ("C$")

	Q4	Q3	Q2	Q1	Total
2019	**$ 10,981**	**$ 10,072**	**$ 7,106**	**$ 7,902**	**$ 36,061**
2018	$ 9,313	$ 10,825	$ 8,606	$ 9,465	$ 38,209
Change	**$ 1,668**	**$ (753)**	**$ (1,500)**	**$ (1,563)**	**$ (2,148)**

2019-2018

Revenues in Canada declined in each of the first three quarters in fiscal 2019 versus the same quarters in fiscal 2018. Higher appraisal volumes from increasing market share with certain Canadian clients was offset by a weaker mortgage origination market in Canada.

Revenues in the fourth quarter of fiscal 2019 increased relative to the fourth quarter in fiscal 2018, as the decline in market volumes abated. Canadian revenues from insurance inspection services were largely flat across each quarter in fiscal 2019 compared to the corresponding quarter in fiscal 2018.

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

Net income (loss)

	Q4	Q3	Q2	Q1	Total
2019	**$ 7,951**	**$ 4,434**	**$ (6,750)**	**$ 4,459**	**$ 10,094**
2018	$ (2,544)	$ 941	$ 2,977	$ (5,389)	$ (4,015)
Change	**$ 10,495**	**$ 3,493**	**$ (9,727)**	**$ 9,848**	**$ 14,109**

Net loss or income generally follows the rise and fall in revenues due to the seasonal and cyclical nature of our business. However, net income or loss is also impacted by changes in stock-based compensation expense, amortization, acquisition recoveries or costs, integration expenses, impairment of assets, interest expense, interest income, net foreign exchange gains or losses, gains or losses on fair value of warrants, re-measurement gains or losses on a previously held equity method investment and gains or losses on the sale of subsidiaries, which are not tied to the seasonal and cyclical nature of our business and fluctuate with other non-operating variables. Net income tax expense or recovery also impacts net income or loss.

2019-2018

Net income in the first quarter of fiscal 2019 contrasts with a net loss in the first quarter of fiscal 2018. Net foreign currency exchange gains in the first quarter of fiscal 2019 represent non-cash gains on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and gains recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. These gains were significantly higher in the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018 due to changes in the FX rate between the Canadian and U.S. dollar. We also recognized higher gains on the fair value of warrants in the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018 due to declines in our share price. Lower amortization expense also contributed to higher net income in the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018 due to fully amortized intangibles attributable to an acquisition we completed in 2015. Finally, U.S. tax reform resulted in a significant reduction to the carrying amount of our deferred tax assets that were previously recorded at a higher U.S. corporate tax rate, resulting in a one-time charge to deferred tax income expense recorded in our consolidated statements of operations and comprehensive loss in the first quarter of fiscal 2018. These contributors to higher net income between periods, were partially offset by modestly lower Adjusted EBITDA(A) in the first quarter of fiscal 2019 and higher costs attributable to the termination of a lease in connection with the integration of certain operations.

We posted a net loss in the second quarter of fiscal 2019 which contrasts with net income in the second quarter of fiscal 2018. Net foreign currency exchange losses in the second quarter of fiscal 2019 represent non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and losses recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. These losses were significantly higher in the second quarter of fiscal 2019 compared to the gains recorded in the second quarter of fiscal 2018 due to changes in the FX rate between the Canadian and U.S. dollar. We also recognized higher losses on the fair value of warrants in the second quarter of fiscal 2019 compared to the gains we recorded in the second quarter of fiscal 2018 due to an increase in our share price in the current year quarter versus a decline in our share price in the same quarter of fiscal 2018. These contributors to a higher reported net loss were partially offset by lower amortization expense due to fully amortized intangibles attributable to an acquisition we completed in 2015 and higher Adjusted EBITDA(A). Higher Adjusted EBITDA(A) reflected strong improvements in Net Revenue(A) margins and lower operating costs in our U.S. Appraisal segment. Corporate operating expenses were also lower due to higher payroll and related costs incurred in fiscal 2018 to develop our U.S. Title platform. Softer performances in our U.S. Title and Canadian segments were due to weak market conditions attributable to lower refinance related mortgage activity and total Canadian mortgage market activity, which partially offset the improvements to Adjusted EBITDA(A) from our U.S. Appraisal and Corporate segments.

Net income in the third quarter of fiscal 2019 increased relative to the third quarter of fiscal 2018. Significantly stronger Adjusted EBITDA(A) was the primary driver of the increase, resulting from strong improvements in Net Revenue(A) margins and lower operating costs attributable to both productivity improvements from technology enhancements and operating leverage in our U.S. Appraisal segment. Our U.S. Title segment also made a significant contribution to the increase in Adjusted EBITDA(A) due to higher market volumes for refinance activity and higher comparative diversified revenues. We further estimate that the clients we service outperformed the comparative increase in mortgage market volumes for refinance activity in our U.S. Title segment. The decline in Corporate segment operating expenses and resulting improvement to Adjusted EBITDA(A) was due to higher payroll and related costs incurred in fiscal 2018 to port our U.S. Title business to our platform. Our Canadian segment delivered a modest improvement to Adjusted EBITDA(A) from improvements to Net Revenue(A) margins and modestly lower operating expenses. Lower intangible asset amortization, due to fully amortized intangibles attributable to acquisitions completed in previous years, also contributed to higher net income in the third quarter of fiscal 2019. Offsetting these contributors to higher net income was higher net foreign currency exchange losses in the third quarter of fiscal 2019, which represent non-cash losses on long-term financing arrangements between a Canadian and U.S. entity within the consolidated group of companies and losses recognized on the revaluation of U.S. denominated short-term investments recorded as cash equivalents. These losses were significantly higher in the third quarter of fiscal 2019 compared to the gains recorded in the third quarter of fiscal 2018 due to changes in the FX rate between the Canadian and U.S. dollar. We also recognized higher losses on the fair value of warrants in the third quarter of fiscal 2019 compared to the gains we recorded in the third quarter of fiscal 2018 due to an increase in our share price in the third quarter of fiscal 2019 which contrasts with a decline in our share price in the same quarter of fiscal 2018. Higher income tax expense reflects higher income before tax in the third quarter of fiscal 2019 compared to the same quarter in fiscal 2018.

Net income in the fourth quarter of fiscal 2019 increased relative to the fourth quarter of fiscal 2018. The most significant contribution to the increase came from stronger Adjusted EBITDA(A) on strong improvements to Net Revenue(A) margins and lower operating costs from productivity enhancements to our platform and operating leverage in our U.S. Appraisal segment. Our U.S. Title segment also made a significant contribution to the increase in Adjusted EBITDA(A) from higher market volumes for refinance activity and higher comparative diversified revenues. We further estimate that the clients we service in our U.S. Title segment captured a higher proportion of the increase in market volumes for refinance activity. The increase in Corporate segment operating expenses and resulting degradation to Adjusted EBITDA(A) was due to higher data center costs and a change in variable compensation for certain executives. Our Canadian segment delivered a modest improvement to Adjusted EBITDA(A) from improvements to Net Revenue(A) margins and modestly lower operating expenses. Significantly lower amortization expense, due to fully amortized intangible assets, which was partially offset by higher income tax expense, attributable to higher income subject to tax, also contributed to the increase in net income. The increase in gains recognized from net foreign exchange was negated by a similar increase in losses recognized on the fair value of warrant liabilities due to the increase in our share price in fiscal 2019.

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

2019-2018

The change in net income or loss per weighted average share in each quarter of fiscal 2019 and each comparative quarter in fiscal 2018 is detailed above. The comparative change in our diluted weighted average share count was impacted by stock option grants and forfeitures, the exercise of certain warrants, and shares purchased under our normal course issuer bid.

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

Financial Condition

Select Consolidated Statement of Financial Position ("Balance Sheet") Information

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

					As at September 30, 2018			
		U.S.		Canada		Corporate		Total
Trade and other receivables	$	22,279	$	1,792	$	-	$	24,071
Intangibles	$	18,635	$	-	$	-	$	18,635
Goodwill	$	60,477	$	-	$	-	$	60,477
Working capital position								
- (current assets less current liabilities)	$	33,445	$	1,974	$	45,467	$	80,886

Trade and other receivables – September 30, 2019 versus September 30, 2018

Change - Consolidated	**$**	**12,516**
Change - U.S.	**$**	**12,710**
Change - Canada	**$**	**(194)**
Change - Corporate	**$**	**-**

Higher U.S. trade and other receivables reflects higher comparative volumes serviced by our U.S. Appraisal segment and higher diversified services provided in our U.S. Title segment. The decline in Canadian trade and other receivables was due to a delay in the receipt of payment from a primary client we service in Canada at the end of fiscal 2018, partially offset by higher comparative appraisal volumes serviced in the fourth quarter of fiscal 2019 versus the same quarter in fiscal 2018.

Intangibles – September 30, 2019 versus September 30, 2018

Change - Consolidated	**$**	**(8,981)**
Change - U.S.	**$**	**(8,981)**
Change - Canada	**$**	**-**
Change - Corporate	**$**	**-**

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

Goodwill – September 30, 2019 versus September 30, 2018

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

No change to goodwill between periods.

Working capital position – September 30, 2019 versus September 30, 2018

Change - Consolidated	**$**	**6,822**
Change - U.S.	**$**	**13,903**
Change - Canada	**$**	**(6,059)**
Change - Corporate	**$**	**(1,022)**

Our consolidated working capital position increased on a comparative basis. Total current assets increased $16.1 million on higher trade and other receivables of $12.5 million and higher cash and cash equivalents of $3.6 million. The increase in trade and other receivables was attributable to an increase in trade receivables across our U.S. operations and reflects a 48.6% and 56.5% increase in U.S. Appraisal and U.S. Title segment revenues from diversified services, respectively, in the fourth quarter of fiscal 2019 versus the same quarter in fiscal 2018. The increase in cash and cash equivalents reflects a strong Adjusted EBITDA[A] performance in fiscal 2019, as detailed in the "Review of Operations - For the year ended September 30, 2019" section of this MD&A, partially offset by investments of $2.1 million in property and equipment, due to the build out of our Rhode Island facility, and the use of $20.2 million to purchase our shares under the NCIB (defined below). Current liabilities increased $9.3 million on a higher trade payables balance of $9.7 million and higher accrued charges of $0.6 million, partially offset by lower income taxes payable of $0.9 million. Higher trade payables and accrued charges reflect higher service level activity from higher volumes coupled with higher accruals for short-term incentive payments due to certain executives. Lower income taxes payable is due to the timing of payment and the implementation of certain tax strategies.

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

The working capital position in our U.S. operations improved on a comparative basis. Net current assets increased by $23.3 million on higher cash and cash equivalents and higher trade and other receivables balances of $10.7 million and $12.7 million, respectively. The increase in trade and other receivables was due to stronger market volumes serviced in the fourth quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 and strong Adjusted EBITDA[A] contributed to the higher cash and cash equivalents balance. Partially offsetting these improvements, was a $9.4 million increase in net current liabilities, reflecting higher trade payables and accrued charges, which was in line with servicing higher market volumes in the fourth quarter of fiscal 2019 compared to the same quarter in fiscal 2018 and the timing of payments.

The working capital position in our Canadian and Corporate segments declined on a comparative basis. Lower net current assets totaled $7.1 million, on lower cash and cash equivalent balances of the same amount. The decline in cash and cash equivalents reflects share purchases under our normal course issuer bid totaling $6.5 million net of cash transferred from our U.S. operations. Net current liabilities declined modestly on lower income taxes payable, which was attributable to lower accruals resulting from the implementation of various tax strategies, partially offset by higher trade payables and accrued charges from higher volumes serviced in the fourth quarter of fiscal 2019 compared to the same quarter in fiscal 2018.

Disclosure of outstanding share capital

	September 30, 2019	
	Shares	$
Common shares	84,946	253,842
Preferred shares	-	-
Total contributed equity	84,946	253,842

	November 20, 2019	
	Shares	$
Common shares	84,957	253,904
Preferred shares	-	-
Total contributed equity	84,957	253,904

Normal course issuer bid ("NCIB")

Effective June 11, 2018, we received approval from the Toronto Stock Exchange ("TSX") for a NCIB to purchase up to 4 million of our common shares over a one year period expiring on June 10, 2019. Daily purchases made through the TSX, or through alternative Canadian trading systems, were limited to a maximum of 41.436 shares. Effective May 9, 2019 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 5 million. No other terms of the NCIB were changed.

Effective June 11, 2019, we received approval to renew our NCIB for a one year period expiring on June 10, 2020. Under the renewed NCIB, we may purchase up to 5 million common shares. Daily purchases made through the TSX, or through alternative Canadian trading systems, are limited to a maximum of 27.969 shares. Once a week, we are permitted to purchase a block of our common shares 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 will be cancelled.

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

For the year ended September 30, 2019, 4.6 million (2018 – 0.8 million) common shares were purchased and cancelled at an aggregate cost of $20.2 million (2018 - $3.3 million).

As of November 20, 2019, no additional common shares were purchased and cancelled or settled since September 30, 2019.

Warrants

We previously issued a number of share purchase warrants. At September 30, 2019, warrants issued, outstanding and exercisable for common shares of the Company totaled 0.9 million (2018 – 1.5 million). All remaining warrants outstanding expire on May 11, 2022 and have an exercise price of one dollar and thirty-eight cents Canadian (C$1.38).

Stock options

At September 30, 2019, stock options outstanding totaled 6.1 million (2018 – 6.0 million) of which 4.1 million (2018 – 4.0 million) were exercisable for common shares of the Company.

Liquidity and Capital Resources

Contractual obligations					**September 30, 2019**
	Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Operating leases	**$ 8,617**	**$ 1,681**	**$ 2,994**	**$ 2,082**	**$ 1,860**
Capital leases	**10**	**10**	**-**	**-**	**-**
Total contractual obligations	**$ 8,627**	**$ 1,691**	**$ 2,994**	**$ 2,082**	**$ 1,860**

Long-term debt

Summarized details of our long-term debt facilities at September 30, 2019 are as follows:

	Available lending	Facility drawn	Available capacity[(1)]
Senior term facilities			
2016 facility	**$ 27,000**	**$ -**	**$ 19,500**
2015 facility	**$ 20,000**	**$ -**	**$ 10,000**
Revolving credit facility - expressed in C$			
Revolving credit facility	**$ 15,000**	**$ -**	**$ 15,000**

Note

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

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

	September 30	
	2019	2018
Senior funded debt to EBITDA	**-**	0.04
Senior funded debt to EBITDA - maximum	**2.50**	2.50
Fixed charge ratio	**2,325.10**	10.19
Fixed charge ratio - minimum	**1.20**	1.20

On September 30, 2019, there were no advances under the senior term facilities or revolving credit facility. Available capacity under the revolving facility was C$15.0 million and $29.5 million was available under the senior term facilities. Our senior funded debt to EBITDA ratio (as defined and calculated in accordance with the credit agreement) was 0.00 times.

At September 30, 2019, we were not in default of the covenants contained in our long-term debt facilities.

Long-term debt facilities – September 30, 2019

On March 31, 2016, in connection with the acquisition of Linear, we entered into our first amendment to a second amended and restated term sheet amplification agreement with Bank of Montreal and Bank of Montreal, Chicago Branch (the "agreement"). The agreement made available a C$15.0 million revolving credit facility and two term loans of $20.0 million and $27.0 million, each. The revolving credit facility (the "revolver") is available for working capital and general operating requirements and a portion of the available term loans were drawn down in conjunction with certain business acquisitions.

Repayments on the revolver are interest only until the date of maturity, April 30, 2020. Total advances under the revolver cannot exceed 75% of our trade receivables, excluding trade receivables that are past due by 60 days or greater, and up to 120 days or greater in certain circumstances, subject to certain adjustments ("good quality receivables"). The revolver can be drawn in either Canadian or U.S. funds, subject to Canadian prime or U.S. base rates of interest, bankers' acceptances or letters of credit. The senior term facilities are available for certain completed or permitted acquisitions and general working capital and general corporate purposes. The term loans amortize at a rate of 2% quarterly, 8% annually, over a five-year period with the remaining unamortized balance due at maturity, being May 1, 2020 and April 1, 2021, respectively. The term loans can consist of: (i) Canadian or U.S. prime rate advances, subject to interest at the Canadian prime or U.S. base lending rate, respectively, plus the applicable credit spread; (ii) a LIBOR loan, bearing interest at LIBOR plus the applicable credit spread; or (iii) Canadian bankers' acceptances ("BAs"), bearing interest at BAs plus the applicable credit spread. The term loans are subject to mandatory prepayment conditions, including: (a) 50% of the excess annual cash flow if the senior funded debt to EBITDA ratio is greater than 3.0:1.0 (currently 2.5:1.0); (b) 100% of the proceeds from equity or debt securities issued by the Company, including any sale or disposition of assets that is not in the ordinary course and that aren't reinvested within 180 days; and (c) proceeds from insurance claims not otherwise reinvested within 180 days from receipt.

Applicable spreads vary based on senior funded debt to EBITDA levels ranging from under 1.0 times to over 3.0 times. Canadian and U.S. prime/base rate advances are subject to an applicable spread between 25 and 175 basis points. BAs and LIBOR loans are subject to an applicable spread between 150 and 300 basis points and we incur a standby fee of between 40 and 60 basis points on unused drawings.

Included in the long-term debt facility is a treasury risk management facility of up to C$0.5 million to facilitate hedges of foreign currency exchange risk between the Canadian and U.S. dollar occurring in the normal course of business. This facility may be used to facilitate the use of foreign currency exchange contracts for up to one year which bears a per transaction fee determined by the lenders' treasury department. In addition, the long-term debt facility provides for a corporate credit card facility of up to C$0.8 million to assist with the management of corporate expenses.

The long-term debt facility is secured by a general security agreement, which provides the lender with a first, fixed and floating charge over all assets, including intellectual property, an unlimited guarantee and postponement of claim by certain wholly owned subsidiaries, and certain other securities.

Risks and restrictions

Our revolving and senior term facilities are subject to interest rate fluctuations with bank prime, BAs or LIBOR. All drawings, if any, are subject to interest rate risk. Since we currently have no amounts drawn on our revolving or senior term facilities, a rise or fall in the variable interest rate does not impact interest expense.

We are obligated under the terms of our long-term debt facilities to repay all remaining amounts outstanding, if any, at maturity. A failure to comply with the terms of the long-term debt facilities could result in an event of default, which, if not cured or waived, could accelerate repayment of the underlying indebtedness. If repayment of the facility were to be accelerated, when amounts are outstanding, there can be no assurance that our assets would be sufficient to repay these facilities in full.

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

Cash flows

	Year ended September 30		
	2019	2018	Change
Cash flows generated from (utilized in):			
Operating activities	**$ 25,643**	$ 10,372	$ 15,271
Investing activities	**$ (1,930)**	$ (13)	$ (1,917)
Financing activities	**$ (18,963)**	$ (12,114)	$ (6,849)

Year ended

Operating activities

Cash generated from operating activities increased on a comparative basis. Higher Adjusted EBITDA[(A)] in fiscal 2019 of $23.2 million, as detailed in the "Review of Operations - For the year ended September 30, 2019" section of this MD&A, drove a corresponding increase in cash generated from operating activities and was partially offset by an increase of $7.3 million in working capital investment due to higher volumes serviced.

Investing activities

Cash utilized in investing activities increased on a comparative basis. In fiscal 2019, we purchased property and equipment totaling $2.1 million versus $0.4 million in fiscal 2018. Current year purchases of property and equipment relate to the build out of our Rhode Island facilities. Additionally, in fiscal 2018, we acquired cash totaling $0.4 million when we obtained control of certain joint ventures that were previously accounted for as equity accounted investees and these acquisitions were not repeated in fiscal 2019.

Financing activities

Cash utilized in financing activities increased on a comparative basis. The bulk of this increase was due to the purchase of shares under our NCIB which accounted for $16.9 million of the increase year to year. The increased spend on share purchases, was offset by a $10.0 million payment made in fiscal 2018 to the sellers of Linear that had no comparative payment in the current year. The balance of the change represents lower proceeds received from the exercise of stock options, partially offset by lower dividends paid to non-controlling interests.

Foreign Currency Exchange Rates

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

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

	Fiscal 2019			Fiscal 2018		
	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	**$ 0.7330**	**$ 0.7568**	**$ 0.7568**	$ 0.7971	$ 0.7865	$ 0.7865
March 31	**$ 0.7483**	**$ 0.7523**	**$ 0.7545**	$ 0.7756	$ 0.7906	$ 0.7885
June 30	**$ 0.7641**	**$ 0.7477**	**$ 0.7523**	$ 0.7594	$ 0.7745	$ 0.7838
September 30	**$ 0.7551**	**$ 0.7572**	**$ 0.7535**	$ 0.7725	$ 0.7652	$ 0.7791

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

FX Impact on Consolidated Results

The following tables have been prepared to assist readers in assessing the FX impact on selected operating results for the three months and year ended September 30, 2019.

	Three months ended September 30			
	2018	**2019**	**2019**	**2019**
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
Consolidated Statement of Operations				
Revenues	$ 67,989	**$ 107,326**	**$ (132)**	**$ 107,458**
Transaction costs	$ 48,426	**$ 72,933**	**$ (111)**	**$ 73,044**
Operating expenses	$ 17,760	**$ 20,599**	**$ (54)**	**$ 20,653**
Net (loss) income	$ (2,544)	**$ 7,951**	**$ 106**	**$ 7,845**
Net Revenue[(A)]	$ 19,563	**$ 34,393**	**$ (21)**	**$ 34,414**
Adjusted EBITDA[(A)]	$ 2,142	**$ 14,089**	**$ 35**	**$ 14,054**
Adjusted Net Income[(A)]	$ 1,568	**$ 9,490**	**$ 65**	**$ 9,425**

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

	Year ended September 30			
	2018	**2019**	**2019**	**2019**
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
Consolidated Statement of Operations				
Revenues	$ 281,451	**$ 322,537**	**$ (923)**	**$ 323,460**
Transaction costs	$ 198,683	**$ 220,462**	**$ (750)**	**$ 221,212**
Operating expenses	$ 78,680	**$ 74,917**	**$ (600)**	**$ 75,517**
Net (loss) income	$ (4,015)	**$ 10,094**	**$ 617**	**$ 9,477**
Net Revenue[(A)]	$ 82,768	**$ 102,075**	**$ (173)**	**$ 102,248**
Adjusted EBITDA[(A)]	$ 5,793	**$ 28,977**	**$ 365**	**$ 28,612**
Adjusted Net Income[(A)]	$ 6,724	**$ 20,902**	**$ 459**	**$ 20,443**

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

Critical Accounting Estimates

General

We use information from our financial statements, prepared in accordance with IFRS and expressed in U.S. dollars, to prepare our MD&A. Our financial statements include estimates and judgments that affect the reported amounts of our assets, liabilities, revenues, expenses and, where and as applicable, disclosures of contingent assets and liabilities. On a periodic basis, we evaluate our estimates, including those that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. Areas that are subject to judgment and estimate include revenue recognition, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, the determination of fair value for warrants and financial instruments 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 assets 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, representing 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 the net assets of the entity is more than its market capitalization; evidence of physical damage to the asset or obsolescence is present; significant changes to an asset's expected use; or, performance expectations for the asset are worse than were expected. Goodwill is not tested for impairment when the assets and liabilities that make up the CGU unit have not changed significantly since the most recent fair value determination, the most recent fair value determination results in an amount that exceeded the carrying amount by a substantial margin, and based on an analysis of events that have occurred and circumstances that have changed since the most recent fair value determination, the likelihood that a current fair value determination would be less than the current carrying amount of the CGU is remote. The amount of goodwill assigned to each CGU and methodology employed to make such assignments has been applied on a consistent basis. For the purpose of testing goodwill for impairment, our CGU's align with our operating segments since this is consistent with the level at which goodwill is monitored.

The carrying value of a CGU or group of CGUs is compared to its recoverable amount, where the recoverable amount is the higher of fair value less cost to sell and its value in use. The value in use for a CGU or group of CGUs is determined by discounting three-year cash flow projections from financial forecasts prepared by management. Projections reflect past experience and future expectations of operating performance and we apply perpetuity growth rates to cash flows in the terminal year. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate. The discount rates applied to the cash flow projections are derived from the weighted average cost of capital of comparable publicly traded companies. To determine fair value, for the purpose of estimating fair value less cost to sell, we apply various trading multiples of comparable public companies and merger and acquisition transactions for like or similar businesses to our last twelve months performance, and expected performance in the subsequent year, for our U.S. Appraisal and U.S. Title segments.

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

Business combinations
Applying the acquisition method to business combinations requires us to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and our fair value estimates for the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired or to determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

We make estimates, assumptions and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, and our continuing evaluation of the recoverability of goodwill and other intangible assets. These estimates are based on a number of factors, including historical experience, market conditions, information gained on our review of the target entities' operations and information obtained from management of the acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology and the expected use of the acquired assets. These factors are also considered in determining the useful life of acquired intangible assets. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates and our actual results.

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

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 have a significant impact on 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 ability to generate income subject to tax and our ability to implement tax planning measures along with other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets attributable to unutilized loss carryforwards may not be available to us prior to their expiry in Canada. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards in Canada prior to their expiry. As a result of U.S. tax reform, unutilized loss carryforwards arising after December 31, 2017 may now be carried forward indefinitely; however, the deduction of unutilized loss carryforwards in a given tax year is limited to 80% of an entity's taxable earnings in that year. Should we not be able to realize our deferred tax assets attributable to loss carryforwards, we would record deferred income tax expense in the period when we determined the likelihood of realizing these losses was less likely than not. Our maximum exposure is equal to the carrying amount of the deferred tax asset attributable to loss carryforwards, $4.8 million at September 30, 2019. Accordingly, due to our historical ability to generate income subject to tax and based on our expectations for 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

Revenue from Contracts with Customers
In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), which replaces IAS 18 "Revenue" ("IAS 18"), IAS 11 "Construction Contracts" ("IAS 11") and International Financial Reporting Interpretations Committee 13 "Customer Loyalty Programmes", as well as other interpretations applicable to revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except when

contracts are within the scope of the standards on leases, insurance contracts, and financial instruments. The core principle of IFRS 15 requires an entity to recognize revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation.

On October 1, 2018, we adopted IFRS 15 applying a modified retrospective approach in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Under the modified retrospective approach, transition adjustments are recorded to retained earnings on the date of initial application, without restatement of financial statements on a retrospective basis. Accordingly, the comparative information has not been restated and continues to reflect the requirements of IAS 18, IAS 11 and related interpretations. We applied the following practical expedients on our adoption of IFRS 15:

- On transition, completed contracts that began and ended within the same annual reporting period and those completed before October 1, 2018 were not restated.
- Costs of obtaining a contract that would be amortized within one year or less were immediately expensed.

Under IFRS 15, we evaluate whether the contracts we enter into meet the definition of a contract with a customer at inception and recognize revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration we expect to be entitled to in exchange for transferring goods or services to a customer. When applicable, we exclude amounts collected on behalf of third parties from revenue when we do not control the goods or services before they are transferred to a customer and we are therefore acting as an agent rather than a principal to the transaction. We have determined that no significant financing component exists since the period between when a promised good or service is transferred to a customer and when the customer pays for that good or service is one year or less.

We determined there were no material differences to the amount and timing of revenue recognized under IFRS 15, when compared to IAS 18, since the transfer of control under IFRS 15 occurs at the same time the revenue recognition criteria were satisfied under IAS 18. Accordingly, no adjustment to our financial statements was recognized on transition to IFRS 15.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 “Financial Instruments” (“IFRS 9”) replacing IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include classification and measurement requirements for financial liabilities and de-recognition. In November 2013, follow-on amendments included new requirements for general hedge accounting. The final revision to IFRS 9 was issued in July 2014, which included impairment requirements for financial assets and certain amendments to the classification and measurement requirements for simple debt instruments. The new standard established a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity’s own credit risk relating to financial liabilities.

On October 1, 2018, we adopted the requirements of IFRS 9. Upon adoption, there was no material impact to our financial statements related to classification and measurement and adopting this standard did not result in any transition adjustments being recognized. Since we currently do not apply hedge accounting, the new requirements for hedge accounting are not applicable.

The adoption of IFRS 9 did not result in any changes to the measurement or the carrying amount of financial assets and liabilities. Below is a summary showing the original measurement categories under IAS 39 and the new measurement categories under IFRS 9.

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

Financial assets and liabilities	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Trade and other receivables	Loans and receivables (amortized cost)	Amortized cost
Trade payables	Other financial liabilities (amortized cost)	Amortized cost
Accrued charges	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost
Finance lease obligations	Other financial liabilities (amortized cost)	Amortized cost
Warrant liabilities	Fair value through profit and loss (fair value)	FVPL

The impairment of financial assets under IFRS 9 is based on an expected credit loss ("ECL") model versus the incurred loss model under IAS 39. The ECL applies to financial assets measured at amortized cost and requires us to consider factors that include past events, current conditions and forecasts of future economic conditions.

Under IFRS 9, loss allowances are measured on either of the following bases:

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

We elected to measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs applied at each reporting date. We adopted the practical expedient to determine ECL on trade and other receivables using a provision matrix based on historical credit loss experiences to estimate lifetime ECL adjusted for estimated changes to credit risks and forecasts of future economic conditions. Using the provision matrix did not have a material impact on loss allowances for our trade and other receivables.

Leases

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaces IAS 17 – "Leases" ("IAS 17") and any related interpretations. IFRS 16 provides a single lessee accounting model, which requires the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying value of the asset is low. IFRS 16 substantially carries forward the lessor accounting in IAS 17 retaining the distinction between operating and finance leases. IFRS 16 can be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach for annual periods beginning on or after January 1, 2019. Early adoption of IFRS 16 is permitted if IFRS 15 has also been adopted. We intend to adopt the standard using the modified retrospective approach. We anticipate that our leases of office space and certain equipment, currently accounted for as operating leases, will meet the definition of a lease under IFRS 16 and expect to recognize new assets and liabilities in respect of these operating leases. We have completed our assessment and, upon transition on October 1, 2019, expect to recognize a right-of-use asset of approximately $8.7 million and a corresponding lease liability of approximately $9.0 million. In addition, the nature and timing of expenses related to these leases will change as IFRS 16 replaces straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. For finance leases where we are a lessee and have already recognized an asset and a related finance lease liability for the lease arrangement, we do not anticipate the application of IFRS 16 will have a significant impact on the amounts recognized in our financial statements.

We expect to apply the following transition options and practical expedients available under IFRS 16:

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

Share-Based Payment

In June 2016, the IASB issued amendments to IFRS 2 – "Share-based Payment" which clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and modifications to the terms and conditions that change the classification of the transactions. These amendments were effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The implementation of these amendments did not impact our financial statements.

Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRS Interpretation Committee 23 – "Uncertainty over Income Tax Treatments". The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 – "Income Taxes" when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or together with one or more uncertain tax positions, and in making such assessment, an entity is required to assume that the taxation authority will examine amounts it has a right to examine and has full knowledge of all information when making its examination. An entity must also consider the probability that the taxation authority will accept an uncertain tax treatment used, or proposed to be used, by the entity in its income tax filings and reassess any judgments and estimates made if the facts and circumstances change or new information becomes available. The effective date of the interpretation is for annual periods beginning on or after January 1, 2019 applied retrospectively or using a modified retrospective application without restatement of comparatives. Earlier application is permitted. The adoption of the interpretation is not expected to have a significant impact on our financial statements.

Business Combinations

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

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

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

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. Management typically selects financial institutions that it has a relationship with and those deemed by management to be of sufficient size, liquidity and stability. Management reviews its exposure to credit risk from time-to-time or as conditions indicate that its exposure to credit risk has or is subject to change. Our maximum exposure to credit risk is equal to the fair value of cash and cash equivalents recorded to our consolidated statements of financial position as at September 30, 2019, $71.7 million (September 30, 2018 - $68.0 million). We hold no collateral or other credit enhancements as security over our cash or cash equivalent balances. 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, 2019, $36.6 million (September 30, 2018 - $24.1 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, and consists of banks and mortgage lending institutions that are generally of sufficient size and capitalization, to mitigate a portion of any exposure we have to credit risk. 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 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 deemed 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. Management has elected to measure loss allowances for trade and other receivables at an amount equal to estimated lifetime ECLs through the use of a provision matrix based on historical credit loss experiences 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 this period are past due. Based on historical collections, we have been successful in collecting amounts that are not 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, 2019 were not considered significant.

Liquidity risk
Liquidity risk is the risk that we will encounter difficulty in meeting our obligations to settle our financial liabilities. Our exposure to liquidity risk is due primarily to any reliance we may have on long-term debt financing. Certain management are responsible to ensure that we have sufficient short, medium and long-term liquidity. When amounts are drawn on our long-term credit facilities, we manage liquidity risk on a continuous basis by monitoring actual and forecasted cash flows and monitoring our available liquidity. Management regularly monitors the financial terms and conditions outlined in our lending facilities and reports on our compliance quarterly to the audit committee and our lender. We actively manage our liquidity and we are in regular contact with our lender.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency, interest rate and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Our exposure to currency risk is attributable to the exchange of U.S. monies to the Canadian dollar or vice versa. We may enter into FX agreements to mitigate our exposure to currency risk; however, as of the date of this MD&A, we have no FX agreements outstanding. 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 have certain financial assets and liabilities which are exposed to interest rate risk, the most notable of which are our long-term debt facilities when drawn. All long-term debt facilities are also subject to interest rate risk on maturity or renegotiation. An increase or decrease in the variable interest rate results in a corresponding increase or decrease to interest expense on principal amounts drawn under our long-term credit facilities. We are also subject to interest rate risk on any investments we make in cash equivalent, short-term investments.

Risk management objectives
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, 2019, 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, 2019.

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, 2019, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2019.

There have been no changes during the year ended September 30, 2019 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Regarding Forward-Looking Information

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

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

The forward-looking information in this 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, Adjusted EBITDA[(A)] margins, revenues, Net Revenue[(A)], Net Revenue[(A)] margins and market share in the U.S. residential mortgage appraisal market and U.S. title and closing market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions;
- the scalability of our platform;
- the regulatory environment in which we operate;
- our competitive position relative to our competitors;
- anticipated industry and market trends, including the seasonality of our business; and;
- our intentions with respect to the implementation of new accounting standards.

In addition, our assessment of, and targets for, market share, Net Revenue[(A)] margins and Adjusted EBITDA[(A)] margins are considered forward-looking information. See the "Strategy and Outlook'' section of this MD&A for additional information regarding our strategies, assumptions and market outlook in relation to these assessments.

The forward-looking information in this MD&A is subject to risk, uncertainty and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to, the following, each of which are discussed in further detail in the "Risk Factors" section of our Annual Information Form for the year ended September 30, 2018, and filed on SEDAR at www.sedar.com:

Strategic risks

- failing to grow market share in the residential mortgage appraisal business to anticipated levels;
- failing to grow market share in the U.S. title and closing market to anticipated levels;
- changes in economic conditions resulting in fluctuations in demand for our services;
- increased dependence on larger industry clients;
- risks associated with targeting larger industry clients;
- growth placing significant demands on our management and infrastructure;
- inability to successfully develop or acquire and sell enhancements and new services;
- failing to maintain demand for our services or diversify our revenue base;
- operating in a competitive business environment;
- inability to successfully consummate or integrate acquisitions;
- negative publicity resulting in a decline in our client growth;
- ineffective risk management efforts;
- increased costs and demands upon management associated with being a public company;

Operational risks

- failing to adequately protect our technology infrastructure;
- material defects or errors in our technology infrastructure;
- system interruptions that impair access to our technology;
- the effort, time and expense associated with switching from competitors' software to our software;
- failing to adapt to technological changes;
- failing to maintain field professional engagement;
- using ''open source'' software in some of our services and technologies;
- losing our corporate culture;
- failing to retain or hire additional key personnel;
- the occurrence of earthquakes, fires, floods and other natural catastrophic events or interruptions;

Legal and compliance risks
- regulatory risks applicable to us;
- risks associated with the potential reclassification of exempt employees and field professionals;
- field professional work product liability;
- current or future litigation;
- our confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets;
- potential infringement of our services on the proprietary rights of others;
- our insurance coverage reserves may not cover future claims;
- failing to adequately protect our intellectual property;
- potential tax law changes or adverse tax examinations;
- our by-laws potentially limiting a shareholder's ability to obtain a favourable judicial forum for disputes with us;
- difficulty for shareholders to enforce judgments against non-resident directors within Canada;
- claims for indemnification by our directors or officers;

Financial and reporting risks
- the forward-looking statements contained in this MD&A potentially proving to be incorrect;
- inaccurate accounting estimates and judgments;
- potential inability to raise additional capital in the future on favourable terms, or at all;
- potential deficiencies in our internal controls over financial reporting;
- changing accounting standards or interpretations;
- restrictive covenants contained in our credit facility;
- dependence on our subsidiaries for cash flows;
- exchange rate fluctuations;
- future offerings of debt and/or equity securities;
- future sales of our shares by existing shareholders may reduce the market price of the shares;
- dilution and future issuances of our shares;
- securities analysts' research or reports potentially impacting our share price;
- future indebtedness and the potential failure to fund future endeavours;
- potential increases in our debt servicing costs;
- the market price of our shares potentially fluctuating significantly; and
- our current policy with respect to dividends.

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 regulators from time to time. Other risks and uncertainties not presently known to 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 March 31, 2019, 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 nine months of 2019).

Tier 2 means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first nine months of 2019), 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 nine months of 2019), excluding Tier 1 and Tier 2 mortgage lenders.

Tier 4 means all mortgage lenders in the U.S. not included in Tier 1, Tier 2 or Tier 3.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Real Matters Inc.

Opinion

We have audited the consolidated financial statements of Real Matters Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, and the consolidated statements of operations and comprehensive income (loss), cash flows and equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

November 20, 2019

Real Matters Inc.

Consolidated Statements of Financial Position

September 30, 2019 and 2018 (stated in thousands of United States ("U.S.") dollars)

		2019		2018
ASSETS				
CURRENT				
Cash and cash equivalents	$	71,680	$	68,045
Trade and other receivables (Note 19)		36,587		24,071
Prepaid expenses		1,530		1,535
		109,797		93,651
NON-CURRENT				
INTANGIBLES (Note 5)		9,654		18,635
GOODWILL (Note 6)		60,477		60,477
PROPERTY AND EQUIPMENT (Note 7)		3,632		3,128
OTHER ASSETS		110		208
DEFERRED TAX ASSETS (Note 20)		19,413		22,764
		93,286		105,212
TOTAL ASSETS	$	203,083	$	198,863
LIABILITIES				
CURRENT				
Trade payables	$	19,334	$	9,585
Accrued charges		2,420		1,805
Income taxes payable		325		1,190
Deferred revenues		-		12
Finance lease obligations (Note 18)		10		173
		22,089		12,765
NON-CURRENT				
LEASEHOLD INDUCEMENTS		439		503
WARRANT LIABILITIES (Note 9 and 19)		6,394		3,799
FINANCE LEASE OBLIGATIONS (Note 18)		-		10
		6,833		4,312
TOTAL LIABILITIES		28,922		17,077
COMMITMENTS AND CONTINGENCIES (Note 18)				
EQUITY				
NON-CONTROLLING INTERESTS		3,978		3,944
SHAREHOLDERS' EQUITY (Note 10)				
Common shares		253,842		261,553
Contributed surplus		6,393		4,339
Accumulated deficit		(81,346)		(83,043)
Accumulated other comprehensive loss		(8,706)		(5,007)
		170,183		177,842
TOTAL EQUITY		174,161		181,786
TOTAL LIABILITIES AND EQUITY	$	203,083	$	198,863

Approved by:

Blaine Hobson (signed) – Non-Executive Chairman **Garry M.Foster** (signed) – Audit Committee Chair

The accompanying notes are an integral part of these consolidated financial statements.

Real Matters Inc.

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars except share and net income or loss per share amounts)

		2019		2018
REVENUES (Note 22)	$	**322,537**	$	281,451
TRANSACTION COSTS		**220,462**		198,683
OPERATING EXPENSES (Note 12)		**74,917**		78,680
AMORTIZATION		**10,172**		19,790
ACQUISITION COSTS (RECOVERIES) (Note 4 and 12)		**267**		(7)
INTEGRATION EXPENSES		**685**		863
IMPAIRMENT OF ASSETS (Note 13)		**361**		-
INTEREST EXPENSE (Note 8)		**190**		410
INTEREST INCOME		**(986)**		(698)
NET FOREIGN EXCHANGE GAIN		**(3,327)**		(4,971)
LOSS (GAIN) ON FAIR VALUE OF WARRANTS		**5,617**		(7,386)
RE-MEASUREMENT GAIN ON PREVIOUSLY HELD EQUITY METHOD INVESTMENT (Note 4)		**-**		(499)
GAIN ON SALE OF SUBSIDIARY (Note 4)		**(125)**		-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE		**14,304**		(3,414)
INCOME TAX EXPENSE (RECOVERY) (Note 20)				
Current		**971**		2,899
Deferred		**3,239**		(2,298)
TOTAL INCOME TAX EXPENSE		**4,210**		601
NET INCOME (LOSS)		**10,094**		(4,015)
OTHER COMPREHENSIVE LOSS				
Items that will be reclassified to net income or loss:				
Foreign currency translation adjustment		**(3,699)**		(5,138)
COMPREHENSIVE INCOME (LOSS)	$	**6,395**	$	(9,153)
NET INCOME (LOSS) - ATTRIBUTABLE TO COMMON SHAREHOLDERS	$	**8,958**	$	(4,571)
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	$	**1,136**	$	556
COMPREHENSIVE INCOME (LOSS) - ATTRIBUTABLE TO COMMON SHAREHOLDERS	$	**5,259**	$	(9,709)
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	$	**1,136**	$	556
Net income (loss) per weighted average share, basic (Note 11)	$	**0.10**	$	(0.05)
Net income (loss) per weighted average share, diluted (Note 11)	$	**0.10**	$	(0.05)
Weighted average number of shares outstanding (thousands), basic (Note 11)		**86,366**		88,348
Weighted average number of shares outstanding (thousands), diluted (Note 11)		**90,067**		90,764

The accompanying notes are an integral part of these consolidated financial statements.

Real Matters Inc.

Consolidated Statements of Cash Flows

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING		
OPERATING		
Net income (loss)	**$ 10,094**	$ (4,015)
Items not affecting cash		
Stock-based compensation (Note 16)	**1,819**	1,705
Amortization of intangibles (Note 5)	**8,981**	18,236
Amortization of property and equipment (Note 7)	**1,191**	1,554
Impairment of assets	**361**	-
Leasehold inducements	**(59)**	(2)
Interest expense	**190**	410
Loss (gain) on fair value of warrants	**5,617**	(7,386)
Re-measurement gain on previously held equity method investment	**-**	(499)
Income tax expense	**4,210**	601
Gain on sale of subsidiary	**(125)**	-
Changes in non-cash working capital items (Note 14)	**(4,735)**	2,607
Interest paid	**(95)**	(127)
Income taxes paid	**(1,806)**	(2,712)
Cash generated from operating activities	**25,643**	10,372
INVESTING		
Acquisitions, net of cash acquired (Note 4)	**-**	410
Proceeds from sale of subsidiary (Note 4)	**125**	-
Purchase of subsidiary shares from non-controlling interests (Note 4)	**(40)**	-
Partial disposal of a subsidiary to non-controlling interests (Note 4)	**50**	-
Purchase of property and equipment (Note 7)	**(2,065)**	(423)
Cash utilized in investing activities	**(1,930)**	(13)
FINANCING		
Proceeds from finance lease obligations	**-**	34
Repayment of finance lease obligations	**(172)**	(392)
Payment of contingent consideration recorded at acquisition date	**-**	(10,000)
Proceeds from the exercise of warrants	**240**	213
Proceeds from the exercise of stock options, net of issue costs	**1,645**	2,050
Purchase of common shares and related costs (Note 10)	**(20,205)**	(3,265)
Dividends paid to non-controlling interests	**(471)**	(754)
Cash utilized in financing activities	**(18,963)**	(12,114)
Effect of foreign currency translation on cash and cash equivalents	**(1,115)**	(1,834)
NET CASH INFLOW (OUTFLOW)	**3,635**	(3,589)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**68,045**	71,634
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 71,680**	$ 68,045
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash and cash equivalents are comprised of:		
Cash	**$ 32,053**	$ 26,840
Cash equivalents	**39,627**	41,205
	$ 71,680	$ 68,045
Property and equipment acquired under finance lease	**$ -**	$ 34

The accompanying notes are an integral part of these consolidated financial statements.

Real Matters Inc.

Consolidated Statements of Equity

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars)

	Non-controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at September 30, 2018	**$ 3,944**	**$ 261,553**	**$ 4,339**	**$ (83,043)**	**$ (5,007)**	**$ 181,786**
Net income	**1,136**			**8,958**		**10,094**
Dividends paid to non-controlling interests	**(471)**					**(471)**
Common shares issued on exercise of stock options (Note 10)		**2,051**	**(406)**			**1,645**
Common shares issued on exercise of warrants (Note 9)		**3,182**				**3,182**
Stock-based compensation (Note 16)			**1,819**			**1,819**
Purchase of common shares and related costs (Note 10)		**(12,944)**		**(7,261)**		**(20,205)**
Purchase of subsidiary shares from non-controlling interests (Note 4)	**(613)**		**573**			**(40)**
Partial disposal of a subsidiary to non-controlling interests (Note 4)	**(18)**		**68**			**50**
Foreign currency translation adjustment					**(3,699)**	**(3,699)**
Balance at September 30, 2019	**$ 3,978**	**$ 253,842**	**$ 6,393**	**$ (81,346)**	**$ (8,706)**	**$ 174,161**

	Non-controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total equity
Balance at September 30, 2017	$ 3,461	$ 259,625	$ 3,222	$ (77,393)	$ 131	$ 189,046
Net income (loss)	556			(4,571)		(4,015)
Dividends paid to non-controlling interests	(754)					(754)
Common shares issued on exercise of stock options (Note 10)		2,638	(588)			2,050
Common shares issued on exercise of warrants (Note 9)		1,476				1,476
Stock-based compensation (Note 16)			1,705			1,705
Purchase of common shares and related costs (Note 10)		(2,186)		(1,079)		(3,265)
Non-controlling interests, acquired (Note 4)	681					681
Foreign currency translation adjustment					(5,138)	(5,138)
Balance at September 30, 2018	$ 3,944	$ 261,553	$ 4,339	$ (83,043)	$ (5,007)	$ 181,786

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Real Matters Inc. ("Real Matters" or the "Company") is a leading technology and network management company providing appraisal services through its Solidifi brand to the mortgage lending industry in the U.S. and Canada, title and closing services through its Solidifi brand to the mortgage lending industry in the U.S. and insurance inspection services through its iv3 brand to the insurance industry in Canada.

Real Matters' head office and Canadian operations are located at 50 Minthorn Boulevard, Markham, Ontario and its principal U.S. subsidiaries operate in Buffalo, New York, Middletown, Rhode Island and Denver, Colorado.

2. Basis of Presentation and Significant Accounting Policies

Statement of compliance
The consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the board of directors on November 20, 2019.

Basis of presentation
The financial statements are presented in thousands of U.S. dollars and have been prepared applying the historical cost method, except for certain financial instruments which are measured at fair value. Historical cost reflects the fair value of consideration exchanged for the asset at the date it was acquired.

The significant accounting policies and methodologies outlined below have been applied consistently and for all periods presented in these financial statements.

Basis of consolidation
These financial statements include the accounts of the Company and subsidiaries controlled by the Company. The Company is deemed to control a subsidiary when it is exposed to, or has the right to, variable returns from its involvement with an investee and it has the ability to direct the activities of the investee that significantly affects the investee's returns through its power over the subsidiary. Where the Company's interest in a subsidiary is less than one hundred percent, the Company recognizes a non-controlling interest in the investee. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount recognized initially, plus the non-controlling interests' share of changes in the capital of the company and changes in ownership interests, if any. Total comprehensive income or loss is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of controlled entities are included in these financial statements from the date control is effective until the date control ceases to exist.

Functional and presentation currency
The Company's functional currency is the Canadian dollar. Accordingly, its financial position, results of operations, cash flows and equity are consolidated in Canadian dollars.

The Company translates its U.S. subsidiaries' assets and liabilities to Canadian dollars from their functional currency of U.S. dollars using the exchange rate in effect at the date the statement of financial position is presented. Revenues and expenses are translated to Canadian dollars at the average monthly exchange rate in effect during the year. The resulting translation adjustments are included in other comprehensive income or loss.

The Company has elected to report its financial results in U.S. dollars. Accordingly, the Company's consolidated statements of financial position are translated from Canadian to U.S. dollars at the foreign currency exchange rate in effect at the date the statement of financial position is presented. Certain transactions affecting shareholders' equity are translated at their historical foreign currency exchange rates. The statements of operations and comprehensive income or loss and statements of cash flows are translated to U.S. dollars applying the average foreign currency exchange rate in effect during the reporting period and the resulting translation adjustments are included in other comprehensive income or loss. Reporting the Company's financial results in U.S. dollars reduces the impact of foreign currency fluctuations in its reported amounts because the Company's operations are larger in the U.S than they are in Canada. The Company remains a legally domiciled Canadian entity and its functional currency is the Canadian dollar. Translating the Company's U.S. financial position, results of operations and cash flows into Canadian dollars, the Company's functional currency, and re-translating these amounts to U.S. dollars, the Company's reporting currency, has no translation impact on the Company's financial statements. Accordingly, U.S. results retain their original values when expressed in the Company's reporting currency.

Monetary assets and liabilities denominated in foreign currencies, including certain long-term financing arrangements between Canadian and U.S. entities within the consolidated group of companies that are not considered part of the net investment in a foreign operation and that are different from the Company's functional currency, are translated to the Company's functional currency applying the foreign exchange rate in effect at the date the statement of financial position is presented. Realized and unrealized foreign currency differences are recognized in the consolidated statement of operations and comprehensive income or loss.

Exchange differences on monetary assets and liabilities receivable or payable with a foreign operation, for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in a foreign operation, are recognized initially in other comprehensive income or loss and presented within equity. The cumulative amount of the resulting exchange differences recorded in other comprehensive income or loss, are reclassified from equity to the consolidated statements of operations and comprehensive income or loss on settlement.

Cash and cash equivalents

Cash and cash equivalents include short-term investments in highly liquid marketable securities, having a term to maturity of three months or less.

Included in cash is $2,015 (2018 - $2,007) set aside by the Company to demonstrate that it has sufficient liquidity to conduct business in the state of California to support its California county title license.

The Company's residential and commercial real estate title and closing services requires it to hold cash in escrow accounts that it does not have ownership of. Accordingly, cash held in escrow, including escrow receivables and escrow liabilities, are not recorded as assets or liabilities on the Company's consolidated statements of financial position. All cash held in escrow is deposited in non-interest bearing bank accounts.

Intangibles

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles are tested for impairment when a triggering event occurs. Amortization is recognized on a straight-line basis over the estimated useful life of the intangible asset and recorded to the consolidated statements of operations and comprehensive income or loss. The estimated useful life and amortization method are reviewed at least annually, with any change in estimate recognized prospectively. Estimated useful lives for intangibles having finite lives are as follows:

Internally generated intangible assets	2.5 years
Customer relationships	3 years
Brand names	3 years
Technology	3 years
License	10 years

Internally generated intangible assets are capitalized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset is expected to make it available for use or sale;
- The Company intends to complete and use or sell the intangible asset;
- The Company has the ability to use or sell the intangible asset;
- How the Company expects the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset exists; and
- The Company has the ability to reliably measure the expenditures attributable to its development.

The amount recognized as an internally generated intangible asset represents the sum of expenditures from the date when the intangible asset first meets the recognition criteria listed above to the date the asset is available for use. During the period of development, the asset is tested for impairment at least annually. Where no internally generated intangible asset is recognized, expenditures are recognized in the consolidated statements of operations and comprehensive income or loss in the period in which the cost is incurred.

When the asset is available for use, the cost model is applied which requires the asset to be carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets represented computer software costs associated with the internal development and enhancement of the Company's platforms. Costs associated with the maintenance of the Company's platforms are expensed as incurred.

Goodwill
Goodwill represents the difference between consideration and the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. Goodwill is not amortized and is allocated to each of the Company's cash-generating units ("CGU or "CGUs") or group of CGUs that benefit from the acquisition, irrespective of whether other assets or liabilities acquired are assigned to those units. For the purpose of goodwill impairment testing the Company's CGUs represent its operating segments which is consistent with the level at which goodwill is monitored.

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell ("FVLCS") and its value in use, of the CGU is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for the CGU. Any goodwill impairment loss is recorded to the consolidated statements of operations and comprehensive income or loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

Upon disposal of a CGU or group of CGUs, the portion of goodwill attributable to the CGU is included in the determination of profit or loss recorded to the consolidated statements of operations and comprehensive income or loss.

Goodwill is tested for impairment annually as at June 30.

Property and equipment
Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. The initial cost includes the purchase price and any expenditures directly attributable to ready the asset for use. Purchased software that is integral to the function of certain equipment is capitalized. When components of property and equipment have different useful lives, those components are accounted for as separate items of property and equipment and amortized separately.

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

Amortization is recognized using the straight-line method for each component of property and equipment. Capitalized finance lease assets are amortized over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will transfer at the end of the lease term, capitalized finance lease assets are amortized over the lesser of the lease term and their estimated useful lives. The Company reviews the amortization methods, useful lives and residual values at each reporting date. The expected useful lives of property and equipment are set forth below:

Computer equipment	3 - 5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of the remaining term of the lease and expected useful life

Investment in equity accounted investees
Investments where the Company has joint control or the ability to exercise significant influence, where significant influence is the power to participate in the financial and operating policy decisions of the investee that is not control or joint control over those policies, are accounted for using the equity method of accounting.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractual sharing of control in an arrangement, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. To determine whether significant influence or joint control is present, considerations similar to those necessary to determine if control over a subsidiary are present, are reviewed.

The equity method of accounting requires the Company to record its initial investment at cost. At the time of initial recognition, if the cost of the associate or joint venture is lower than the proportionate share of the investment's underlying fair value, the Company records a gain on the difference between the cost and the underlying fair value of the investment to the statements of operations and comprehensive income or loss. If the cost of the associate or joint venture is greater than the Company's proportionate share of the underlying fair value, goodwill relating to the associate or joint venture is included in the carrying amount of the investment.

The carrying value of the Company's initial investment is adjusted to include its pro rata share of the investee's post-acquisition earnings included in the Company's determination of net income or loss. Investments are reviewed at each reporting period to determine whether there is any objective evidence of impairment. If evidence of impairment exists, the Company compares the carrying amount of the investment to its recoverable amount.

Should the Company lose joint control of a joint venture, the Company re-measures its remaining investment at fair value. Any resulting difference between the carrying amount of its investment in the joint venture and the fair value of the retained investment, including any proceeds from disposal, is recognized in the consolidated statements of operations and comprehensive income or loss.

The financial statements of the equity accounted investee are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Leases and leasehold inducements
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are initially recognized as assets of the Company at fair value or, if lower, at the present value of the future minimum lease payments. The corresponding liability is included in the consolidated statements of financial position as a finance lease obligation. Leases for which the risks and rewards are retained by the lessor are considered operating leases. Operating lease payments are recognized as an expense and charged to the consolidated statements of operations and comprehensive income or loss on a straight-line basis over the lease term.

Leasehold inducements represent rent-free periods, rent escalations and lease incentives which are amortized on a straight-line basis over the respective lease terms to rent expense.

Income taxes
Income tax expense or recovery is comprised of current and deferred income tax which is recognized in the consolidated statements of operations and comprehensive income or loss, except for income taxes attributable to a business combination or equity transaction.

Current income tax represents the expected amounts payable or receivable derived from taxable income or loss generated by the Company in the period applying enacted or substantively enacted tax rates, at the reporting date. Current income taxes may include prior period adjustments to income taxes payable or receivable.

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

Deferred income tax assets are recognized when it is probable that future taxable income will be available to realize the benefit of the deferred tax asset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized and only recovered when the probability of future taxable income improves. Deferred income tax liabilities are not recognized on temporary differences that arise from goodwill that is not deductible for tax purposes.

Deferred income tax assets and liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities when there is an intention to either settle current income tax liabilities on a net basis or realize the assets and settle liabilities simultaneously in a future period.

Warrant liabilities
At the time of issuance, warrants are classified as either a financial liability or equity instrument in accordance with the substance of the contractual arrangement. Warrants that obligate the Company to deliver a variable number of shares whose value equals a fixed amount or an amount based on changes in an underlying variable, are not an equity instrument, and are therefore classified as a financial liability. Subsequent changes to the conversion option that fixes the number of shares and price of shares issuable, are not considered by the Company when the contractual terms of the warrant do not change and there has been no change in the circumstances of the Company. Warrants classified as liabilities in the consolidated statements of financial position are re-measured at their estimated fair value at each reporting date. Any change to the fair value of the warrants is recognized in the consolidated statements of operations and comprehensive income or loss.

Revenues
See Note 3.

Transaction costs
Transaction costs represent expenses that are directly attributable to a specific revenue transaction including: appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, title and closing field professional costs, external abstractor costs and external quality review costs.

Business combinations
Business combinations are accounted for applying the acquisition method of accounting, where the fair value of consideration is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses if it has correctly identified all of the assets acquired and liabilities assumed and reviews the procedures used to measure the amounts recognized at the date of acquisition. Following its reassessment, if the Company concludes that the fair value of net assets acquired exceeds the aggregate consideration transferred, the Company will record a gain to the consolidated statements of operations and comprehensive income or loss.

The excess of consideration over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to the Company's CGUs. For each business combination that includes a non-controlling interest, the Company, at its election, measures the non-controlling interest's investment in the acquiree at fair value or at the proportionate share of the acquiree's net identifiable assets acquired.

Any contingent consideration is recognized at fair value on the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with changes in fair value recorded to the statements of operations and comprehensive income or loss. Contingent consideration classified to equity is not re-measured and settlement is accounted for within equity.

The fair value measurement and recognition of net assets acquired may require adjustment when information is absent and fair value allocations are presented on an estimated or preliminary basis. Adjustments to estimated or preliminary amounts, reflecting new information obtained about facts and circumstances that existed at the date of acquisition and occurring not later than one year from the date of acquisition, are recorded in the period the adjustment is determined.

Transaction costs incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed in the statements of operations and comprehensive income or loss.

Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined applying a measure of cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the impact of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third party, a receivable is recognized when it is virtually certain that reimbursement is receivable and the expected reimbursement can be reliably measured.

Financial instruments

See Note 3.

Impairment

Non-financial assets

The carrying value of property and equipment and intangibles are reviewed at each reporting period to determine if indicators of impairment are present. If any such indicator exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, the recoverable amount is determined for an individual asset or are grouped together into CGUs, representing the smallest group of assets that generates independent cash inflows. If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recognized in the consolidated statements of operations and comprehensive income or loss as a reduction in the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset or CGU is the higher of its FVLCS and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairments of non-financial assets recognized in a prior period are re-assessed at the end of each reporting period to determine if indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the asset or CGU's carrying amount. The reversal of an impairment loss may not exceed the carrying amount, net of amortization, of the asset or CGU had no impairment loss been recognized.

Stock-based payments
The Company grants equity-settled stock options under its stock-based compensation plan. The fair value of stock options at the grant date is estimated using the Black-Scholes-Merton option pricing model and is subject to the satisfaction of certain vesting conditions. Uncertain vesting conditions do not result in compensation expense being recognized until they are satisfied or deemed to be probable of satisfaction. Compensation expense is recorded to the consolidated statements of operations and comprehensive income or loss over the vesting period based on the estimated number of options expected to vest with a corresponding increase in shareholders' equity. Management's estimate of the number of awards expected to vest occurs at the time of grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Net income or loss per share
Basic net income or loss per share is calculated by dividing net income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted net income or loss per share is calculated by dividing the net income or loss attributable to common shareholders of the Company by the weighted average number of shares outstanding adjusted for all potentially dilutive equity instruments, comprising stock options and warrants.

Operating segments
An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenues and incur expenses, including revenues and expenses incurred by virtue of activities with any of the Company's other operations. An operating segment has discrete financial information available which is regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to assess performance or make resource allocation decisions.

Significant judgments, estimates and assumptions
The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at least annually or more frequently as required. Revisions to accounting estimates are recognized in the period of revision, which may impact future reporting periods. Areas that are subject to judgment and estimate include revenue recognition (see Note 3), the identification of CGUs, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, internally generated intangible assets, the determination of fair value for warrants and financial instruments, stock-based payments, the useful lives of property and equipment and intangible assets, the likelihood of realizing deferred income tax assets, provisions and contingencies.

Critical accounting judgments and estimates
Management believes the following accounting policies are subject to the most critical judgments and estimates and could have the most significant impact on the amounts recognized in these financial statements.

(a) Identification of CGUs
The Company has allocated its tangible assets, intangible assets and goodwill to the smallest identifiable group of assets that generate cash inflows and that are largely independent of the cash inflows from other assets. The determination of CGUs or groups of CGUs for the purpose of annual impairment testing requires judgment.

(b) Impairment of goodwill and non-financial assets
Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property and equipment and intangible assets is reviewed each reporting period to determine whether impairment indicators exist. The recoverable amounts attributed to CGUs reflect the higher of FVLCS or value in use. The Company's determination of a CGU's recoverable amount, which could include an estimate of FVLCS, uses market information to estimate the amount the Company could obtain from disposing of the asset in an arm's length transaction, less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows for the CGU or asset to its present value using a pre-tax discount rate reflecting a current market assessment of the time value of money and certain risks specific to the CGU or asset. Estimated cash flows are based on management's assumptions and business plans which are supported by internal strategies, plans and external information.

The estimate of the recoverable amount for an asset or CGU requires significant estimates such as future cash flows, growth rates, and terminal and discount rates.

(c) Business combinations

Applying the acquisition method to business combinations requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of fair value for assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

The Company makes estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, in addition to evaluating the recoverability of goodwill and other intangible assets on an ongoing basis. These estimates are based on a number of factors, including historical experience, market conditions, and information obtained from the management of acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology, and the expected use of the acquired assets. These factors are also considered in determining the useful life of acquired intangible assets. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates or actual results.

(d) Fair value of warrant liabilities

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

(e) Stock-based payments

The Company uses the Black-Scholes-Merton option pricing model to estimate the fair value of stock-based compensation which requires the use of several input variables. These inputs are subject to estimate and changes in these inputs can materially affect the estimated fair value of stock-based compensation. The fair value reported may not represent the transaction value if these options were exercised at any point in time.

(f) Amortization of property and equipment and intangible assets

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

Where an item of property and equipment can be subdivided into its major components, and these components are assessed as having different useful lives, the components are accounted for as separate items of property and equipment. The application of this policy requires judgment in the determination of each significant identifiable component.

(g) Valuation of deferred income tax assets

The Company assesses its ability to generate taxable income in future periods from its internal budgets and forecasts. Taxable income is adjusted to reflect certain non-taxable income and expense or the use of unused credits and tax losses. The Company’s estimate of future taxable income, for the purposes of determining the existence of a deferred tax asset, depends on many factors, including the Company’s ability to generate income subject to tax and implement tax planning measures, along with other substantive evidence. The occurrence or non-occurrence of certain future events may lead to significant changes in the measurement of deferred tax assets.

(h) Provisions

Due to the nature of provisions, there is a degree of uncertainty inherent in their measurement. Management uses its best efforts to estimate and provide for potential losses. Assumptions applied reflect the most probable set of economic conditions and planned courses of action by the Company.

(i) Other

Other areas where the Company employs judgment and estimate include, the determination of its allowance for doubtful accounts, financial instruments, its control assessment of subsidiaries and contingencies related to litigation, claims and assessments.

3. Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), which replaces IAS 18 "Revenue" ("IAS 18"), IAS 11 "Construction Contracts" ("IAS 11") and International Financial Reporting Interpretations Committee 13 "Customer Loyalty Programmes", as well as other interpretations applicable to revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except when contracts are within the scope of the standards on leases, insurance contracts, and financial instruments. The core principle of IFRS 15 requires an entity to recognize revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the entity satisfies a performance obligation.

Prior to October 1, 2018, the Company recognized revenue when all of the following criteria were met:

- Significant risks and rewards of ownership have transferred to the buyer;
- The Company does not retain continuing managerial involvement in or effective control over the goods or services sold;
- The amount can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion for the transaction can be reliably measured; and
- Transaction costs incurred, or to be incurred, can be reliably measured.

The Company measured revenue at the fair value of consideration received or receivable, taking into account any contractually defined terms for volume discounts, rebates or refunds. The Company recorded payments received in advance of satisfying the revenue recognition criteria as deferred revenues until all criteria were satisfied.

When the Company sold multiple services to the same customer it assessed whether each delivered element should be recorded as a separate transaction. In certain circumstances, it was necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction. Conversely, the recognition criteria were applied to two or more transactions together when they were linked in such a way that the commercial effect cannot be understood without reference to the series of transactions taken as a whole.

On October 1, 2018, the Company adopted IFRS 15 applying a modified retrospective approach in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Under the modified retrospective approach, transition adjustments are recorded to retained earnings on the date of initial application, without restatement of financial statements on a retrospective basis. Accordingly, the comparative information has not been restated and continues to reflect the requirements of IAS 18, IAS 11 and related interpretations. The Company applied the following practical expedients on adoption of IFRS 15:

- On transition, completed contracts that began and ended within the same annual reporting period and those completed before October 1, 2018 were not restated.
- Costs of obtaining a contract that would be amortized within one year or less were immediately expensed.

Under IFRS 15, the Company evaluates whether the contracts it enters into meet the definition of a contract with a customer at inception and recognizes revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for transferring goods or services to a customer. When applicable, the Company excludes amounts collected on behalf of third parties from revenue when it does not control the goods or services before they are transferred to a customer and therefore is acting as an agent rather than a principal to the transaction. The Company has determined that no significant financing component exists since the period between when a promised good or service is transferred to a customer and when the customer pays for that good or service is one year or less.

The Company records revenue at a point in time, unless otherwise indicated below.

Residential Mortgage Appraisals
The Company provides residential mortgage appraisals through its technology-based platform (the "Platform") and network of independent qualified field professionals. Revenue is derived from transaction fees earned from mortgage lenders on residential appraisal products such as complete home appraisals, a broker price opinion, property condition reports and desktop appraisals. The Company recognizes revenue when the appraisal report is delivered to its clients.
Title and Closing
The Company provides title and closing services to residential and commercial clients which include title search procedures for title insurance policies, escrow and other closing services. Title and closing revenues, which are recorded exclusive of amounts remitted to third party insurance underwriters, are recorded when a transaction closes. Recording services are recognized as revenue when the documents are submitted to the county for recording.

Search Services
The Company provides current owner, tax and commercial title search and property reports to other title insurance companies or property investment companies. Search revenues are recorded when the report is delivered to the client.

Insurance Inspection
The Company provides insurance inspections to property and casualty insurers through the Platform. The Company records revenue when the insurance inspection report is delivered to the client.

Software Services
The Company provides three hosted software solutions. Contracts for these services are generally term based ranging from one to three years. On-going service fee revenues are recognized as services are provided. Any usage-based fees and minimum transaction fees are recognized monthly as services are provided over the term of the arrangement.

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

Significant judgments, estimates and assumptions
Management believes that the following areas are subject to the most critical judgments and estimates and could have the most significant impact on the amounts recognized in these financial statements in accordance with IFRS 15.

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

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

Impact

The Company determined there were no material differences to the amount and timing of revenue recognized under IFRS 15, when compared to IAS 18, since the transfer of control under IFRS 15 occurs at the same time the revenue recognition criteria were satisfied under IAS 18. Accordingly, no adjustment to the Company's financial statements was recognized on transition to IFRS 15.

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

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" ("IFRS 9") replacing IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include classification and measurement requirements for financial liabilities and de-recognition. In November 2013, follow-on amendments included new requirements for general hedge accounting. The final revision to IFRS 9 was issued in July 2014, which included impairment requirements for financial assets and certain amendments to the classification and measurement requirements for simple debt instruments. The new standard established a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities.

Prior to October 1, 2018, financial assets and financial liabilities, including derivatives, were recognized in the consolidated statements of financial position when the Company became party to the contractual provisions of a financial instrument or non-financial derivative contract.

The Company classified financial instruments, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. A financial instrument was any contract that gave rise to a financial asset for one entity and a financial liability or equity instrument for another entity. All financial instruments were measured at fair value on initial recognition and subsequently measured at either fair value or amortized cost using the effective interest method, depending upon their classification. Financial instruments were classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss ("FVTPL"), (iv) available-for-sale, or (v) other financial liabilities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment, excluding trade and other receivables. Gains and losses were recognized in the consolidated statements of operations and comprehensive income or loss in the period that the asset was derecognized or impaired.

Other financial liabilities

Other financial liabilities were initially recorded at fair value and subsequently measured at amortized cost, using the effective interest method. Gains and losses were recognized in the consolidated statements of operations and comprehensive income or loss in the period that the liability was derecognized.

FVTPL

FVTPL financial assets or financial liabilities were measured at fair value at each reporting date, with changes in fair value recognized in the consolidated statements of operations and comprehensive income or loss. Derivatives were classified as FVTPL unless they were designated as effective hedging instruments.

On October 1, 2018, the Company adopted the requirements of IFRS 9. Upon adoption, there was no material impact to the Company's financial statements related to classification and measurement and adopting this standard did not result in any transition adjustments being recognized. Since the Company currently does not apply hedge accounting, the new requirements for hedge accounting are not applicable.

Financial assets and financial liabilities, including derivatives and embedded derivatives in certain contracts, are recognized in the consolidated statements of financial position when the Company becomes party to the contractual provisions of a financial instrument or non-financial derivative contract.

Classification and Measurement

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

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

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

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

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

Financial liabilities are classified and measured based on two categories: amortized cost or FVPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset within the scope of the standard are not separated, and the hybrid financial instrument is assessed for classification as a whole. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recorded to the consolidated statements of operations and comprehensive income or loss in the period that the liability is derecognized.

The adoption of IFRS 9 did not result in any changes to the measurement or the carrying amount of financial assets and liabilities. Below is a summary showing the original measurement categories under IAS 39 and the new measurement categories under IFRS 9.

Financial assets and liabilities	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Trade and other receivables	Loans and receivables (amortized cost)	Amortized cost
Trade payables	Other financial liabilities (amortized cost)	Amortized cost
Accrued charges	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost
Finance lease obligations	Other financial liabilities (amortized cost)	Amortized cost
Warrant liabilities	Fair value through profit and loss (fair value)	FVPL

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVPL, are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVPL are expensed to the statements of operations and comprehensive income or loss.

Costs of issuing debt and equity
The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. When long-term debt amounts are nil, but amounts are still available to be drawn, costs of issuing debt are reclassified to other assets in the consolidated statements of financial position. The cost of issuing equity is reflected as a direct charge to common shares.

Derivative financial instruments
The Company may enter into foreign currency exchange agreements from time-to-time as part of its strategy to manage foreign currency exposure. The Company does not hold or issue derivative financial instruments for trading purposes. Derivatives, including derivatives that are embedded in financial or non-financial contracts where the host contract is not a financial asset, are measured at their estimated fair values. Gains or losses on financial instruments measured at their estimated fair values are recorded to the statements of operations and comprehensive income or loss in the periods in which they arise, with the exception of gains and losses on certain financial instruments that are part of a designated hedging relationship.

Fair value
Fair value represents the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making such measurements. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence applied to measure fair value. Financial assets or financial liabilities are categorized within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs are applied to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted market prices in markets that are not active, or model derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability
- Level 3 – unobservable inputs that are supported by little or no market activity

Impairment of Financial Assets
The impairment of financial assets under IFRS 9 is based on an expected credit loss (“ECL”) model versus the incurred loss model under IAS 39. The ECL model applies to financial assets measured at amortized cost and requires the Company to consider factors that include past events, current conditions and forecasts of future economic conditions.

Prior to October 1, 2018, under IAS 39, a financial asset, other than those classified as FVPL, was assessed at each reporting date for indicators of impairment. A financial asset was deemed to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortized cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets were tested for impairment on an individual basis. The remaining financial assets were assessed collectively in groups that shared similar credit risks and all impairment losses were recorded immediately to the consolidated statements of operations and comprehensive income or loss.

Impairments of financial assets recognized in a prior period were re-assessed at the end of each reporting period to determine if indicators of impairment had reversed or no longer existed. An impairment loss was reversed if the estimated recoverable amount exceeded the asset or asset groups carrying amount. The reversal of an impairment loss could not exceed the carrying amount of the asset or asset group had no impairment loss been recognized. Reversals of impairment losses were recorded immediately to the consolidated statements of operations and comprehensive income or loss.

As at October 1, 2018 and thereafter, under IFRS 9, loss allowances are measured on either of the following bases:

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

The Company elected to measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs applied at each reporting date. The Company adopted the practical expedient to determine ECL on trade and other receivables using a provision matrix based on historical credit loss experience to estimate lifetime ECL adjusted for estimated changes to credit risks and forecasts of future economic conditions. Using the provision matrix did not have a material impact on loss allowances for the Company's trade and other receivables.

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

Leases

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaces IAS 17 – "Leases" ("IAS 17") and any related interpretations. IFRS 16 provides a single lessee accounting model, which requires the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying value of the asset is low. IFRS 16 substantially carries forward the lessor accounting in IAS 17 retaining the distinction between operating and finance leases. IFRS 16 can be applied using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach for annual periods beginning on or after January 1, 2019. Early adoption of IFRS 16 is permitted if IFRS 15 has also been adopted. The Company intends to adopt the standard using the modified retrospective approach. The Company anticipates that its leases of office space and certain equipment, currently accounted for as operating leases, will meet the definition of a lease under IFRS 16 and expects to recognize new assets and liabilities in respect of these operating leases. The Company has completed its assessment and, upon transition on October 1, 2019, expects to recognize a right-of-use asset of approximately $8,700 and a corresponding lease liability of approximately $9,000. In addition, the nature and timing of expenses related to these leases will change as IFRS 16 replaces straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. For finance leases where the Company is a lessee and has already recognized an asset and a related finance lease liability for the lease arrangement, the Company does not anticipate the application of IFRS 16 will have a significant impact on the amounts recognized in its financial statements.

The Company expects to apply the following transition options and practical expedients available under IFRS 16:

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

Share-Based Payment
In June 2016, the IASB issued amendments to IFRS 2 – "Share-based Payment" which clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and modifications to the terms and conditions that change the classification of transactions. These amendments were effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The implementation of these amendments did not impact the Company's financial statements.

Uncertainty over Income Tax Treatments
In June 2017, the IASB issued IFRS Interpretation Committee 23 – "Uncertainty over Income Tax Treatments". The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 – "Income Taxes" when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or together with one or more uncertain tax positions, and in making such assessment, an entity is required to assume that the taxation authority will examine amounts it has a right to examine and has full knowledge of all information when making its examination. An entity must also consider the probability that the taxation authority will accept an uncertain tax treatment used, or proposed to be used, by the entity in its income tax filings and reassess any judgments and estimates made if the facts and circumstances change or new information becomes available. The effective date of the interpretation is for annual periods beginning on or after January 1, 2019 applied retrospectively or using a modified retrospective application without restatement of comparatives. Earlier application is permitted. The adoption of the interpretation is not expected to have a significant impact on the Company's financial statements.

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

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

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

4. Acquisitions and Divestiture

Acquisition of equity accounted investees

Linear Holdings, LLC ("Holdings")

Effective October 1, 2017, the Company amended the operating agreement with its Holdings joint venture partner, resulting in the Company obtaining control over the joint venture. Accordingly, Holdings became a controlled subsidiary of the Company which required the Company to discontinue the use of equity method accounting and re-measure its previously held fifty percent ownership interest at its estimated fair value. The Company recorded a non-cash gain to the consolidated statements of operations and comprehensive income (loss) upon obtaining control.

The acquisition of Holdings qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of Holdings were consolidated in the financial statements of the Company from October 1, 2017.

The fair value of non-controlling interests, the carrying amount of the Company's previously held equity method investment, the re-measurement gain recorded and the fair value allocation to the net assets acquired were as follows:

Fair value of fifty percent ownership interest (non-controlling interest)	$	681
Carrying amount of previously held equity method investment		182
Re-measurement gain on previously held equity method investment		499
	$	1,362
Net assets acquired		
Cash	$	366
Trade and other receivables		29
Goodwill		1,000
Trade payables		(33)
Total net assets acquired	$	1,362

Goodwill was originally allocated to the Company's previously reported U.S. segment and subsequently re-allocated to the Company's U.S. Appraisal and U.S. Title and Closing ("U.S. Title") segments and is not deductible for tax purposes. Goodwill arising from this acquisition was largely attributable to the revenue streams generated from the relationship between the Company and its joint venture partner.

Effective January 1, 2019, the Company purchased the remaining fifty percent interest in Holdings, a controlled subsidiary, for $40. The difference between the consideration paid and the carrying amount of non-controlling interests, $573, was recorded as an increase to contributed surplus.

Performance Lender Solutions, LLC ("Performance")

Effective November 1, 2017, the Company purchased the remaining fifty percent interest in Performance for nominal consideration. Accordingly, the Company re-measured its previously held fifty percent ownership interest at its estimated fair value upon obtaining control. No gain or loss was recorded to the consolidated statements of operations and comprehensive income (loss) since the carrying amount of this investment already reflected its then current fair value.

The acquisition of Performance qualified as a business and was accounted for using the acquisition method of accounting. Accordingly, the results of Performance were consolidated in the financial statements of the Company from November 1, 2017.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Consideration, the carrying amount of the Company's previously held equity method investment and the fair value allocation to the net assets acquired were as follows:

Cash	$	-
Carrying amount of previously held equity method investment		-
	$	-
Net assets acquired		
Cash	$	44
Prepaid expenses		22
Goodwill		587
Property and equipment		40
Trade payables		(693)
Total net assets acquired	$	-

On October 1, 2018, the Company sold fifty percent of its interest in Performance for $50 to an unrelated third party. Based on the operating agreement with the Company's joint venture partner, the Company still exercises control over Performance and continues to account for Performance as a subsidiary.

Sale of subsidiary

On May 1, 2019, the Company sold all of the issued and outstanding membership interests of its wholly-owned subsidiary, Keylink National Title, LLC for total cash consideration of $125. A gain on sale equal to the consideration received was recorded to the consolidated statements of operations and comprehensive income (loss).

Acquisition costs (recoveries)

For the year ended September 30, 2019, acquisition costs represent a working capital adjustment of $267 incurred in respect of a prior period acquisition (September 30, 2018 - $(7)).

5. Intangibles

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

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

						2018
	Internally generated intangible assets	Customer relation-ships	Brand name	Technology	Licenses	Total
Cost						
Balance, beginning of year	$ 8,798	$ 56,294	$ 2,297	$ 5,720	$ 13,840	$ 86,949
Foreign currency translation adjustment	(316)	(229)	-	-	-	(545)
Balance, end of year	$ 8,482	$ 56,065	$ 2,297	$ 5,720	$ 13,840	$ 86,404
Accumulated amortization						
Balance, beginning of year	$ 8,764	$ 34,482	$ 1,438	$ 3,318	$ 2,076	$ 50,078
Amortization	34	14,471	622	1,725	1,384	18,236
Foreign currency translation adjustment	(316)	(229)	-	-	-	(545)
Balance, end of year	$ 8,482	$ 48,724	$ 2,060	$ 5,043	$ 3,460	$ 67,769
Net carrying value, end of year	$ -	$ 7,341	$ 237	$ 677	$ 10,380	$ 18,635

6. Goodwill

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

			2018
	U.S. Appraisal	U.S. Title	Total
Cost			
Balance, beginning of year	$ 42,048	$ 16,842	$ 58,890
Acquisitions (Note 4)	1,133	454	1,587
Balance, end of year	$ 43,181	$ 17,296	$ 60,477
Accumulated impairment			
Balance, beginning of year	$ -	$ -	$ -
Balance, end of year	$ -	$ -	$ -
Net carrying value, end of year	$ 43,181	$ 17,296	$ 60,477

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Impairment testing

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

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of each CGU group to exceed its recoverable amount.

7. Property and Equipment

	Computer equipment	Furniture and fixtures	Leasehold improve-ments	Total 2019
Cost				
Balance, beginning of year	$ **3,416**	$ **1,842**	$ **3,083**	$ **8,341**
Additions	**628**	**477**	**960**	**2,065**
Disposals	**-**	**(46)**	**-**	**(46)**
Impairment (Note 13)	**-**	**-**	**(394)**	**(394)**
Foreign currency translation adjustment	**(16)**	**(5)**	**(20)**	**(41)**
Balance, end of year	$ **4,028**	$ **2,268**	$ **3,629**	$ **9,925**
Accumulated amortization				
Balance, beginning of year	$ **2,624**	$ **1,122**	$ **1,467**	$ **5,213**
Amortization	**618**	**302**	**271**	**1,191**
Disposals	**-**	**(46)**	**-**	**(46)**
Impairment (Note 13)	**-**	**-**	**(33)**	**(33)**
Foreign currency translation adjustment	**(12)**	**(2)**	**(18)**	**(32)**
Balance, end of year	$ **3,230**	$ **1,376**	$ **1,687**	$ **6,293**
Net carrying value, end of year	$ **798**	$ **892**	$ **1,942**	$ **3,632**

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

								2018
		Computer equipment		Furniture and fixtures		Leasehold improve-ments		Total
Cost								
Balance, beginning of year	$	3,024	$	1,802	$	3,116	$	7,942
Additions		413		8		2		423
Additions, acquisitions (Note 4)		-		40		-		40
Foreign currency translation adjustment		(21)		(8)		(35)		(64)
Balance, end of year	$	3,416	$	1,842	$	3,083	$	8,341
Accumulated amortization								
Balance, beginning of year	$	1,771	$	755	$	1,177	$	3,703
Amortization		868		369		317		1,554
Foreign currency translation adjustment		(15)		(2)		(27)		(44)
Balance, end of year	$	2,624	$	1,122	$	1,467	$	5,213
Net carrying value, end of year	$	792	$	720	$	1,616	$	3,128

At September 30, 2019, assets under finance leases totaled $10 (2018 - $110). Refer to Note 13 for details of the impairment write-down recognized in the year ended September 30, 2019. There were no reversals of previous write-downs in the years presented.

8. Long-Term Debt

Senior term facilities (the "senior facilities")

In February 2016, the Company entered into an agreement for a committed term loan of $27,000 (the "2016 facility"). The 2016 facility is subject to principal amortization of eight percent per annum, payable quarterly, and a balloon payment of 60 percent due at maturity. The 2016 facility matures on April 1, 2021 and bears interest ranging from Prime + 0.25% to 1.75% or LIBOR + 1.50% to 3.00%. At September 30, 2019, the Company had drawn $nil (2018 - $nil) on the 2016 facility.

In May 2015, the Company through its subsidiary, Solidifi U.S. Inc., entered into an agreement for a committed term loan of $20,000 (the "2015 facility"). The 2015 facility is subject to principal amortization of eight percent per annum, payable quarterly, and a balloon payment of 60 percent due at maturity. The 2015 facility matures on May 1, 2020 and bears interest ranging from Prime +0.25% to 1.75% or LIBOR +1.50% to 3.00%. At September 30, 2019, the Company had drawn $nil (2018 - $nil) on the 2015 facility.

Revolving credit facility

The Company has available a demand revolving credit facility (the "revolving credit facility") totaling 15,000 Canadian dollars ("C$"). The revolving credit facility bears interest ranging from Prime +0.25% to 1.75% or LIBOR +1.50% to 3.00%. At September 30, 2019, the Company had drawn $nil (2018 - $nil) on the revolving credit facility. Availability under the revolving credit facility is subject to good quality receivables as defined in the agreement.

Security and debt covenants

All facilities are secured by a general security agreement, which provides the lender with a first, fixed and floating charge over all assets, including intellectual property, an unlimited guarantee and postponement of claim by certain wholly owned subsidiaries, and certain other securities.

The Company is subject to certain covenants and was in compliance with all such covenants related to these facilities, including financial covenants regarding debt and fixed charge coverage ratios and capital expenditure restrictions, as of September 30, 2019.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Interest expense is comprised of the following:

		2019		2018
Senior and revolving credit facilities	**$**	**86**	$	89
Amortization of deferred financing costs		**94**		96
Accretion		**-**		187
Finance leases		**10**		38
	$	**190**	$	410

9. Warrant Liabilities

Company-issued special warrants were automatically converted into common share purchase warrants on completion of the Company's initial public offering ("IPO") (together with other satisfied events). All outstanding common share purchase warrants are exercisable and expire on May 11, 2022, five years following the date of the Company's IPO. Warrant liabilities convert into common shares of the Company when exercised and the associated non-cash liability is reclassified to common shares upon exercise. The non-cash liability attributable to warrants that expire unexercised are recorded as a gain in the consolidated statements of operations and comprehensive income (loss). There is no circumstance which requires the Company to pay cash upon exercise or expiry of the warrants.

During the year ended September 30, 2019, 662 (2018 – 196) warrants were exercised, resulting in the issuance of 586 (2018 – 196) common shares. These warrants had a fair value of $2,942 (2018 – $1,263) at the date of exercise, determined using the Black-Scholes-Merton option pricing model, and this amount was transferred from warrant liabilities to common shares. The Company also recorded a $491 loss (2018 – $152 gain) to the consolidated statement of operations and comprehensive income (loss) representing the difference between the fair value of certain warrants recorded at the most recent reporting date and the fair value of these warrants on the date of exercise.

At September 30, 2019, there were 874 (September 30, 2018 – 1,536) warrants outstanding. All warrants have an exercise price of C$1.38 (September 30, 2018 – C$1.38) representing a total liability of $6,394 at September 30, 2019 (September 30, 2018 - $3,799).

Warrant liabilities measured at fair value using the Black-Scholes-Merton option pricing model included the following assumptions: volatility of 45.4% (2018 – 39.2%), a risk-free interest rate of 1.71% (2018 – 2.04%), a dividend yield of nil% (2018 - nil%) and an expected life of 12 months (2018 - 14 months).

10. Shareholders' Equity

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. At September 30, 2019 and 2018, no preferred shares were issued.

Normal course issuer bid
Effective June 11, 2018, the Company received approval from the Toronto Stock Exchange ("TSX") for a normal course issuer bid to purchase up to 4,000 common shares for a one year period expiring on June 10, 2019. Daily purchases on the TSX, or made through alternative Canadian trading systems, were limited to a maximum of 41.436 shares. Effective May 9, 2019 the Company received approval from the TSX to amend its NCIB to increase the number of common shares that it may purchase for cancellation from 4,000 to 5,000. No other terms of the NCIB were changed.

Effective June 11, 2019, the Company received approval to renew its normal course issuer bid for a one year period expiring on June 10, 2020. Under the renewed normal course issuer bid, the Company may purchase up to 5,000 common shares. Daily purchases on the TSX, or made through alternative Canadian trading systems, are limited to a maximum of 27.969 shares. Once a week, the Company is permitted to purchase a block of common shares which can exceed the daily purchase limit subject to certain restrictions, including a limitation that the block cannot be owned by an insider. All shares purchased will be cancelled.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

For the year ended September 30, 2019, 4,649 common shares (2018 – 758) were purchased and cancelled at a total cost of $20,205 (2018 - $3,265). As of November 20, 2019, no additional common shares were purchased and cancelled or settled.

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

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

			2018
	Number of shares		Amount
Balance, beginning of year	87,532	$	259,625
Common shares issued on the exercise of stock options, during the year (Note 16)	1,258		2,638
Common shares issued on the exercise of warrants, during the year (Note 9)	196		1,476
Repurchase of common shares, during the year	(758)		(2,186)
Balance, end of year	88,228	$	261,553

11. Net Income (Loss) per Weighted Average Share

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

		2019		2018
Net income (loss)	**$**	**10,094**	$	(4,015)
Net income (loss) attributable to common shareholders	**$**	**8,958**	$	(4,571)
Weighted average number of shares, basic		**86,366**		88,348
Dilutive effect of stock options and warrants		**3,701**		2,416
Weighted average number of shares, diluted		**90,067**		90,764
Net income (loss) per weighted average share, basic	**$**	**0.10**	$	(0.05)
Net income (loss) per weighted average share, diluted	**$**	**0.10**	$	(0.05)

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

12. Operating Expenses and Acquisition Costs (Recoveries)

	2019	2018
Operating expenses:		
Salaries and benefits	**$ 55,762**	$ 59,042
Sales and marketing	**872**	995
Travel and entertainment	**2,249**	2,513
Office and computer	**10,924**	11,069
Professional fees	**2,605**	3,141
Other	**2,505**	1,920
	$ 74,917	$ 78,680

	2019	2018
Acquisition costs (recoveries):	**$ 267**	$ (7)
	$ 267	$ (7)

For the year ended September 30, 2019, the Company recognized an expense of $541 (2018 - $584) to salaries and benefits for contributions made in connection with defined benefit contribution plans.

13. Impairment of Assets

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

14. Changes in Non-Cash Working Capital Items

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

Inflow (outflow)	**2019**	2018
Trade and other receivables	**$ (12,516)**	$ 8,058
Prepaid expenses	**5**	177
Trade payables	**9,749**	(1,515)
Accrued charges	**615**	(402)
Deferred revenues	**(12)**	-
Effect of foreign currency translation adjustments and other non-cash changes	**(2,576)**	(3,711)
	$ (4,735)	$ 2,607

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

15. Changes in Liabilities Arising From Financing Activities

September 30, 2019

			Cash flows		**Non-cash changes**			
		Opening balance - October 1, 2018	**Proceeds**	**Re-payments**	**Change in fair value**	**Foreign exchange**	**Other non-cash changes**	**Ending balance - September 30, 2019**
Finance lease obligations	$	**183**	**-**	**(172)**	**-**	**(1)**	**-**	**$ 10**
Leasehold inducements	$	**503**	**-**	**-**	**-**	**(5)**	**(59)**	**$ 439**
Warrant liabilities	$	**3,799**	**240**	**-**	**5,617**	**(320)**	**(2,942)**	**$ 6,394**

September 30, 2018

			Cash flows		Non-cash changes			
		Opening balance - October 1, 2017	Proceeds	Re-payments	Change in fair value	Foreign exchange	Other non-cash changes	Ending balance - September 30, 2018
Finance lease obligations	$	542	34	(392)	-	(1)	-	$ 183
Leasehold inducements	$	514	-	-	-	(9)	(2)	$ 503
Warrant liabilities	$	12,820	213	-	(7,386)	(585)	(1,263)	$ 3,799
Contingent consideration - accrued charges	$	9,813	-	(10,000)	-	-	187	$ -

16. Stock-Based Compensation

Long-term incentive plan ("LTIP")

The purpose of the LTIP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, directors and consultants and to align compensation with Company and stock price performance. The following types of awards may be issued under the LTIP: restricted share units ("RSUs"), performance share units ("PSUs") and stock options. The Company's current intention is to only issue stock options as long-term incentive awards and has no intention to grant RSUs or PSUs.

RSUs

The duration of the vesting period and other vesting terms applicable to any RSUs granted under the LTIP will be determined by the plan administrator at the time of grant. Upon vesting, holders will receive, at the option of the plan administrator, either one common share from treasury for each vested RSU, the cash equivalent or a combination of a cash payment and common shares.

PSUs

A PSU entitles the holder to receive common shares based on the achievement of performance goals over a period of time as established by the plan administrator. The performance goals established by the plan administrator may be based on the achievement of corporate, divisional or individual goals, and may be established relative to performance against an index or comparator group, in each case, determined by the plan administrator. The plan administrator may modify the performance goals as necessary to align them with the Company's corporate objectives. The performance goals may include a threshold level of performance below which no payment will be made, levels of performance at which specified payments will be made and a maximum level of performance above which no additional payment will be made. Upon vesting, holders will receive, at the option of the plan administrator, either common shares issued from treasury in proportion to the number of vested PSUs held and the level of performance achieved, the cash equivalent or a combination of a cash payment and common shares.

RSUs and PSUs shall be credited with dividend equivalents in the form of additional RSUs or PSUs, as applicable. Dividend equivalents shall vest in proportion to the awards to which they relate.

Stock options
Subject to the discretion of the plan administrator, stock options granted under the LTIP vest equally on their first, second and third anniversary from the date of grant. Each stock option expires on the date that is the earlier of 10 years from the date of grant or such earlier date as may be set out in the participant's award agreement.

On August 2, 2019, the Company awarded an employee 25 stock options. The options vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On June 25, 2019, the Company awarded an executive officer 220 stock options. The options vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On May 9, 2019, the Company awarded certain employees and an executive officer an aggregate of 61 stock options. The options vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On February 4, 2019, the Company awarded an employee 5 stock options. The options vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On November 30, 2018, the Company awarded certain executive officers, directors and employees an aggregate of 885 stock options. Stock options issued to executive officers and employees totaled 693 and vest equally on their first, second and third anniversary from the date of grant. Stock options awarded to directors totaled 192 and vested immediately. All options expire on the 7th anniversary from the date of grant.

On August 13, 2018, the Company awarded certain employees an aggregate of 178 stock options. The options vest equally on their first, second and third anniversary dates and expire on the 7th anniversary from the date of grant.

On May 11, 2018, the Company awarded certain executive officers, directors and employees an aggregate of 1,133 stock options. Options awarded to directors, 252, vested immediately, with the balance of options vesting equally on their first, second, and third anniversary from the date of grant. All options expire on the 7th anniversary from the date of grant.

On February 1, 2018, the Company awarded certain employees an aggregate of 69 stock options. The options vest equally on their first, second, and third anniversary dates and expire on the 10th anniversary from the date of grant.

On December 1, 2017, the Company awarded certain employees an aggregate of 117 stock options. The options vest equally on their first, second, and third anniversary dates and expire on the 10th anniversary from the date of grant.

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To estimate the fair value of its options, the Company used the Black-Scholes-Merton option pricing model which requires the use of several input variables. These variables include the expected volatility, the risk free interest rate and the estimated length of time employees will retain their options before exercising them. Changes in these variables can materially impact the estimated fair value of stock-based compensation and consequently, the related amount recognized to operating expenses in the consolidated statements of operations and comprehensive income (loss). In calculating the fair value of stock options at the date of grant, the following weighted average assumptions were used:

Grant date - November 30, 2018		
Dividend yield		-
Expected volatility		42.2%
Risk free interest rate		2.3%
Expected remaining life, stated in years		4.3
Exercise price (expressed in C$)	$	3.93
Fair value, per option (expressed in C$)	$	1.46
Grant date - February 4, 2019		
Dividend yield		-
Expected volatility		40.8%
Risk free interest rate		1.9%
Expected remaining life, stated in years		4.5
Exercise price (expressed in C$)	$	4.54
Fair value, per option (expressed in C$)	$	1.65
Grant date - May 9, 2019		
Dividend yield		-
Expected volatility		42.0%
Risk free interest rate		1.5%
Expected remaining life, stated in years		4.5
Exercise price (expressed in C$)	$	6.17
Fair value, per option (expressed in C$)	$	2.26
Grant date - June 25, 2019		
Dividend yield		-
Expected volatility		42.4%
Risk free interest rate		1.3%
Expected remaining life, stated in years		4.5
Exercise price (expressed in C$)	$	6.87
Fair value, per option (expressed in C$)	$	2.52
Grant date - August 2, 2019		
Dividend yield		-
Expected volatility		43.5%
Risk free interest rate		1.4%
Expected remaining life, stated in years		4.5
Exercise price (expressed in C$)	$	8.71
Fair value, per option (expressed in C$)	$	3.27

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2019			2018		
	Number of stock options		**Weighted average exercise price, expressed in C$**	Number of stock options		Weighted average exercise price, expressed in C$
Outstanding balance, beginning of year	**5,983**	**$**	**6.03**	6,130	$	5.40
Granted, during the year	**1,196**	**$**	**4.69**	1,497	$	6.39
Exercised, during the year	**(781)**	**$**	**2.79**	(1,258)	$	2.09
Forfeited, during the year	**(338)**	**$**	**8.72**	(386)	$	10.40
Outstanding balance, end of year	**6,060**	**$**	**6.03**	5,983	$	6.03
Options exercisable, end of year	**4,071**	**$**	**5.80**	3,984	$	4.75

The Company recorded stock option expense of $1,819 (2018 - $1,705) to operating expenses in the consolidated statements of operations and comprehensive income (loss) for the year ended September 30, 2019.

The following table summarizes certain information for stock options outstanding as at September 30, 2019:

Exercise price, expressed in C$		**Number of stock options**	**Weighted average remaining contractual life, expressed in years**	**Number of stock options exercisable**
$	1.23	**2**	**0.12**	**2**
$	1.69	**90**	**0.65**	**90**
$	1.84	**574**	**2.46**	**574**
$	2.21	**35**	**3.62**	**35**
$	2.28	**86**	**1.11**	**86**
$	2.40	**1,002**	**5.12**	**1,002**
$	3.93	**885**	**6.17**	**192**
$	4.54	**5**	**6.35**	**-**
$	4.60	**100**	**5.80**	**100**
$	5.00	**141**	**6.18**	**141**
$	5.22	**178**	**5.87**	**59**
$	6.11	**1,050**	**5.61**	**538**
$	6.17	**57**	**6.61**	**-**
$	6.87	**220**	**6.74**	**-**
$	8.00	**315**	**6.80**	**315**
$	8.63	**24**	**7.87**	**18**
$	8.71	**25**	**6.84**	**-**
$	9.05	**57**	**8.17**	**21**
$	9.59	**47**	**8.34**	**16**
$	10.50	**125**	**7.19**	**107**
$	12.80	**3**	**7.63**	**2**
$	13.00	**1,039**	**7.61**	**773**
		6,060	**5.73**	**4,071**

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

17. Related Party Transactions

Compensation of Key Management Personnel
The Company's key management personnel comprise the board of directors and members of the executive team. Compensation for key management personnel, recorded to operating expenses, was as follows:

		2019		2018
Salaries and benefits	**$**	**4,445**	$	3,307
Stock-based compensation	**$**	**1,408**	$	1,245

18. Commitments and Contingencies

The Company leases office space and equipment under various operating leases. Payments for the next five years ending September 30 and thereafter are as follows:

2020	**$**	**1,681**
2021		**1,506**
2022		**1,488**
2023		**1,253**
2024		**829**
Thereafter		**1,860**
	$	**8,617**

The Company has entered into finance leases for computer equipment and furniture and fixtures with maturities in 2020 and interest rates ranging from 7.2% to 7.4%, respectively. Future minimum lease payments required under finance lease obligations in each of the next five years ending September 30 and thereafter are as follows:

2020	**$**	**10**
2021		**-**
2022		**-**
2023		**-**
2024		**-**
Thereafter		**-**
		10
Less: amount representing interest		**-**
		10
Less: current portion		**10**
	$	**-**

The Company administers escrow accounts which represent undisbursed funds received for the settlement of certain residential and commercial real estate title and closing transactions. Deposits at Federal Deposit Insurance Corporation ("FDIC") institutions are insured up to $250. Undisbursed cash deposited in these escrow accounts totaled $216,808 at September 30, 2019 (2018 - $34,984) which are not assets of the Company and have been excluded from the Company's consolidated statements of financial position. However, the Company remains contingently liable for the disbursement of these deposits.

The Company is also subject to certain lawsuits and other claims arising in the ordinary course of business. The outcome of these matters is subject to resolution. Based on management's evaluation and analysis of these matters, when determinable, the amount of any potential loss is accrued. Management believes that any amounts above those accrued will not be material to the financial statements.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

19. Financial Instruments

The following tables outline the hierarchical measurement categories for the fair value of financial assets and liabilities. At September 30, 2019 and 2018, financial assets and liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

				2019
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Warrant liabilities	**$ -**	**$ (6,394)**	**$ -**	**$ (6,394)**
	$ -	**$ (6,394)**	**$ -**	**$ (6,394)**

				2018
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	$ -	$ (3,799)	$ -	$ (3,799)
	$ -	$ (3,799)	$ -	$ (3,799)

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

For the years ended September 30, 2019 and 2018, there were no transfers between levels or changes to the valuation techniques.

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

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

Financial risk management
In the normal course of business, the Company is exposed to financial risks that have the potential to impact its financial performance, including credit risk, market risk and liquidity risk. The Company's primary objective is to protect its operations, cash flows and ultimately shareholder value. The Company designs and implements risk management strategies but does not typically use derivative financial instruments to manage these risks.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Credit risk

Credit risk is the risk that the Company's counterparties will fail to meet their financial obligations to the Company, causing the Company a financial loss. The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amounts of financial assets on the consolidated statements of financial position represent the Company's maximum exposure to credit risk at the date presented. The Company's credit risk is primarily attributable to its trade receivables which is limited by the Company's broad customer base. At September 30, 2019, one customer represented more than 10% (2018 – two customers represented more than 10%) of the Company's total trade and other receivables.

To limit credit risk, the Company monitors its aged receivable balances on a continuous basis. In addition, a significant portion of the Company's revenue is settled on closing through an escrow account having no credit terms attributable to collection. The Company's customers are financial and lending institutions that are typically well funded, which also limits the Company's exposure to credit risk. In certain circumstances, the Company may require customer deposits or pre-payments to limit credit risk. While the Company has risk mitigation processes in place, there can be no certainty that it can eliminate all credit risk. Accordingly, these processes may not be effective in the future and the potential for credit losses may increase.

Trade and other receivables

	2019	2018
Trade receivables	**$ 34,187**	$ 23,739
Settlement receivables	**2,380**	771
Other	**354**	53
Allowance for doubtful accounts	**(334)**	(492)
	$ 36,587	$ 24,071

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

	2019	2018
Balance, beginning of year	**$ (492)**	$ (777)
Impairment (losses) recoveries recognized, during the year	**(259)**	85
Write-offs, during the year	**417**	204
Recoveries, during the year	**-**	(4)
Balance, end of year	**$ (334)**	$ (492)

The aging of trade and other receivables was as follows:

	2019	2018
Current	**$ 31,785**	$ 18,239
Over 30 days	**1,845**	4,741
Over 60 days	**1,963**	267
Over 90 days	**1,328**	1,316
Total gross trade and other receivables	**36,921**	24,563
Less: allowance for doubtful accounts	**334**	492
Total trade and other receivables	**$ 36,587**	$ 24,071

Foreign currency risk

Foreign currency risk arises due to fluctuations in foreign currency exchange rates. The Company's objective is to minimize its net exposure to foreign currency cash flows by holding U.S. dollar cash balances and matching them with U.S. dollar obligations arising from its U.S. operations and matching Canadian dollar cash balances and obligations to its Canadian operations.

Since the Company has elected to report its financial results in U.S. dollars, the Company is exposed to foreign currency fluctuations on its reported amounts of Canadian assets and liabilities. As at September 30, 2019, the Company had net assets of $49,197 (2018 – net assets of $63,181) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in a plus or minus $4,920 (2018 - $6,318) change in the value of net assets recorded on the Company's statements of financial position. All such changes are recorded to other comprehensive income or loss.

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Interest rate risk

The Company's drawings on its senior facilities and revolving credit facility are subject to interest rate fluctuations with bank prime or LIBOR. Accordingly, senior facility and revolving facility drawings, if any, are subject to interest rate risk. Since the Company currently has no amounts drawn on either facility, a rise or fall in the variable interest rate does not impact interest expense.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to settle financial liabilities through the delivery of cash or another financial asset. The Company's objective is to manage operational uncertainties, including, but not limited to, unfavourable real estate trends, market share and sales volumes.

The Company also maintains sufficient levels of working capital to settle its financial liabilities when they are contractually due and manages its compliance with its debt covenants.

The following tables outline the Company's remaining contractual maturities for its non-derivative financial liabilities based on the earliest date the Company is required to make payment on these amounts:

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

					2018
	Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade payables	$ 9,585	$ 9,585	$ -	$ -	$ -
Accrued charges	$ 1,805	$ 1,805	$ -	$ -	$ -
Finance lease obligations	$ 188	$ 178	$ 10	$ -	$ -

20. Income Taxes

The components of income tax expense or recovery are as follows:

	2019	2018
Current income tax expense		
Current year	**$ 1,046**	$ 2,996
Adjustments for prior periods	**(75)**	(97)
	971	2,899
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	**4,496**	(1,911)
Adjustments for prior periods	**(1,257)**	(387)
	3,239	(2,298)
Total income tax expense	**$ 4,210**	$ 601

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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

	2019	2018
Income (loss) before income tax expense	**$ 14,304**	$ (3,414)
Statutory income tax rate	**26.5%**	26.5%
Expected income tax expense (recovery) at the statutory income tax rate	**3,791**	(905)
Foreign income expense (recovery) subject to tax at a different statutory tax rate	**161**	(326)
Adjustments for prior periods	**(1,332)**	(484)
Non-deductible expenses and non-taxable income	**1,349**	(2,621)
State tax	**241**	230
Impact of U.S. statutory income tax rate change	**-**	4,707
	$ 4,210	$ 601

Movements in deferred tax assets and liabilities are as follows:

2019

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

2018

	Balance, beginning of year	Recognized in net loss	Recognized in equity	Foreign currency translation adjust-ments	Total
Deferred tax (liabilities) assets					
Property and equipment	$ (4)	$ (34)	$ -	$ -	$ (38)
Intangibles	7,257	4,278	-	(27)	11,508
Financing fees	2,367	(662)	-	(79)	1,626
Unutilized tax loss carryforwards	6,397	2,271	-	(71)	8,597
Unrealized foreign exchange gains	(1,607)	91	-	4	(1,512)
Contingent liabilities	3,974	(3,974)	-	-	-
Interest expense	2,015	336	-	-	2,351
Other	246	(8)	-	(6)	232
	$ 20,645	$ 2,298	$ -	$ (179)	$ 22,764

Deferred income tax assets are recorded for unutilized tax loss carryforwards when the realization of the related tax benefit through future taxable income is probable. At September 30, 2019, the Company and its subsidiaries have $5,047 (2018 - $8,984) of non-capital loss carryforwards in Canada expiring in varying amounts between 2036 and 2038. The Company also has $12,380 (2018 - $22,486) of non-capital loss carryforwards in the U.S. which do not expire. Total deferred tax assets of $4,783 (2018 - $8,597) have been recognized on the full amount of these loss carryforwards. Deferred tax assets have been recorded because management has assessed that the combination of existing earnings before amortization and the ability to implement tax planning measures should allow the Company to realize the benefit of its deferred tax assets before factoring in expected growth in earnings.

No deferred tax is recognized on the amount of temporary differences arising between the carrying amount of an investment in subsidiary or an interest in a joint arrangement accounted for in these financial statements and the cost of either investment for tax purposes. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future.

21. Capital Management

The Company actively manages its debt and equity capital in support of its performance objectives and to ensure sufficient liquidity is available to support its financial obligations and operating and strategic plans, with a view to maximizing stakeholder returns.

The Company defines capital as equity (currently comprising common share capital), short-term and long-term indebtedness and cash and cash equivalents. The Company manages its capital structure, commitments and maturities and makes adjustments, where required, based on general economic conditions, financial markets, operating risks and working capital requirements. To maintain or adjust its capital structure, the Company may, with approval from its board of directors, as required, issue or repay debt and/or short-term borrowings, issue share capital or undertake other activities deemed appropriate. The board of directors reviews and approves the annual operating budgets, and any material transactions that are not part of the ordinary course of business, including proposals for acquisitions or other major capital transactions.

The Company monitors its capital structure by measuring its key covenants which include a debt-to-earnings ratio and interest coverage ratio. Key financial covenants contained in existing debt agreements are reviewed by management on a quarterly basis to monitor compliance.

The Company is not subject to any externally-imposed capital requirements.

22. Segmented Reporting

The Company conducts its business through three reportable segments: U.S. Appraisal, U.S. Title and Canada. The Company reports segment information based on internal reports used by the CODM to make operating and resource allocation decisions and to assess performance. The CODM is the Chief Executive Officer of the Company.

The CODM does not evaluate operating segments using discrete asset information and the Company does not specifically allocate assets to operating segments for internal reporting purposes.

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

The U.S. Title segment serves the title and closing market through residential and commercial real estate title and/or closing services directly in 46 states and in four states, as well as Puerto Rico, through agreements with licensed title or escrow providers. Other title and closing service offerings include title search services, capital markets services and providing access to its software platforms to other title insurance agencies and mortgage lenders for a subscription fee.

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The Canadian segment's primary service offerings include residential mortgage appraisals for purchase, refinance and home equity transactions which are provided through its Solidifi brand. Additionally, the Company provides insurance inspection services to property and casualty insurers across Canada through its iv3 brand.

The Company excludes corporate costs in the determination of each operating segment's performance. Corporate costs include certain executive and employee costs, legal, finance, internal audit, treasury, investor relations, human resources, technical and software development, corporate development and other administrative support function costs.

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

		2019		2018
Revenues				
U.S. Appraisal	**$**	**212,717**	$	186,464
U.S. Title		**82,649**		65,220
Canada		**27,171**		29,767
	$	**322,537**	$	281,451
Revenues net of transaction costs				
U.S. Appraisal	**$**	**50,130**	$	38,377
U.S. Title		**46,838**		39,110
Canada		**5,107**		5,281
	$	**102,075**	$	82,768
Amortization				
U.S. Appraisal	**$**	**1,118**	$	3,445
U.S. Title		**8,804**		16,031
Canada		**-**		-
Corporate		**250**		314
	$	**10,172**	$	19,790
Operating expenses	**$**	**74,917**	$	78,680
Acquisition costs (recoveries)	**$**	**267**	$	(7)
Integration expenses	**$**	**685**	$	863
Impairment of assets	**$**	**361**	$	-
Interest expense	**$**	**190**	$	410
Interest income	**$**	**(986)**	$	(698)
Net foreign exchange gain	**$**	**(3,327)**	$	(4,971)
Loss (gain) on fair value of warrants	**$**	**5,617**	$	(7,386)
Re-measurement gain on previously held equity method investment	**$**	**-**	$	(499)
Gain on sale of subsidiary	**$**	**(125)**	$	-
Income (loss) before income tax expense or recovery	**$**	**14,304**	$	(3,414)

For the years ended September 30, 2019 and 2018 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

				2019
	U.S.	Canada	Corporate	Total
Intangibles	**$ 9,654**	**$ -**	**$ -**	**$ 9,654**
Goodwill	**$ 60,477**	**$ -**	**$ -**	**$ 60,477**
Property and equipment	**$ 3,072**	**$ -**	**$ 560**	**$ 3,632**

				2018
	U.S.	Canada	Corporate	Total
Intangibles	$ 18,635	$ -	$ -	$ 18,635
Goodwill	$ 60,477	$ -	$ -	$ 60,477
Property and equipment	$ 2,679	$ -	$ 449	$ 3,128

Revenues by service type

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

	2019	2018
Appraisal	**$ 236,096**	$ 212,229
Title and closing - diversified	**27,417**	22,838
Title and closing - mortgage originations	**55,232**	42,382
Insurance inspection	**3,792**	4,002
	$ 322,537	$ 281,451

For the year ended September 30, 2019, two customers (2018 - one customer) represented more than 10% of the Company's revenues which amounted to $68,632 (2018 – $32,065) and was included in the U.S. Appraisal segment.

23. Guarantees

In the normal course of business, the Company enters into agreements that meet the definition of a guarantee. A guarantee requires the issuer to make a specified payment or payments to reimburse the beneficiary for a loss it incurs if the issuer fails to make a payment when due.

The Company's primary guarantees are as follows:

The Company has provided indemnities under lease agreements for the use of various office space. Under the terms of these agreements the Company agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits and damage arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated. These indemnities are in place for various periods beyond the original term of the lease and these leases expire between 2020 and 2027.

Through the Company's by-laws and stand-alone director indemnification agreements, indemnity has been provided to all directors and officers of the Company and its subsidiaries for various items including, but not limited to, all costs to settle suits or actions due to association with the Company and its subsidiaries, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulty in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to the counterparties. Historically, the Company has not made any significant payments under these or similar indemnification agreements and therefore no amount has been accrued in the consolidated statements of financial position with respect to these agreements.

Executive Leadership Team

Jason Smith
Chief Executive Officer

Brian Lang
President and Chief Operating Officer

William Herman
Executive Vice President and Chief Financial Officer

Andrew Bough
Executive Vice President, Valuations

Loren Cooke
Executive Vice President
President of Solidifi

Kim Montgomery
Executive Vice President

Craig Rowsell
Executive Vice President

Robert J. Smith
Executive Vice President

Ryan Smith
Executive Vice President, and Chief Technology Officer

Kevin Walton
Executive Vice President, Corporate Development

Board of Directors

Blaine Hobson[1]
Chair

Garry M. Foster[2]
Director

William T. Holland[3]
Director

Frank V. McMahon[4]
Director

Lisa Melchior[4]
Director

Jason Smith
Director

Peter Vukanovich[1]
Director

1. Compensation, Nomination and Governance Committee Member
2. Audit Committee Chair
3. Compensation, Nomination and Governance Committee Chair
4. Audit Committee Member

Corporate Information

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Independent Auditors
Deloitte, LLP

Code of Conduct

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

Corporate Secretary
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Markham, Ontario
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