# Real Matters Third Quarter 2018 Financial Results

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

TORONTO--(BUSINESS WIRE)--August 8, 2018--Real Matters Inc. (TSX: REAL) (“Real Matters” or “the Company”), a leading network management services platform for the mortgage and insurance industries, today announced its financial results for the third quarter ended June 30, 2018.

“Our appraisal business delivered steady performance in the third quarter despite a soft spring market for mortgage originations. While our overall appraisal market share continued its upward trend, this spring did not deliver the seasonal uptick in volumes that the market has experienced in previous years and that impacted our volumes. In particular, the Tier 1 lenders we service reported higher year-over-year declines in mortgage origination volumes compared to the MBA’s current estimates for the market, which affected our results. Our third quarter consolidated revenues were down year-over-year as a result of lower U.S. title and closing revenues which were impacted by a significant decline in the U.S. refinance market, as well as lower diversified (non-core) revenues where we also experienced margin compression,” said Real Matters Chief Executive Officer Jason Smith. “We continue to focus on outperforming our competitors to drive market share gains with all clients, driving toward the achievement of our long-term market share objectives.”

**Q3 2018 Summary Information**

- Continued market share gains in U.S. appraisal partially offset by a soft spring market.
- Went live in new appraisal channels with three Top 100 lenders.
- Maintained top-ranking performance on Tier 1 scorecards.
- Initiated Normal Course Issuer Bid and repurchased approximately 232,000 shares.
- MBA estimates U.S. mortgage origination market down 3.3%.
- Consolidated revenues down 4.1% as a result of lower U.S. title and closing revenues.
- Consolidated Net Revenue(A) margin declined to 27.5% from 30.4% in Q3 2017 principally due to period-over-period declines in higher-margin U.S. title and closing revenues and revenue mix.

| | | | | | Three months ended June 30, |
|---|---|---|---|---|---|
| | **2018** | **2017** | **$ Change** | **% Change** | **Market adjusted growth (decline) %** |
| Revenues | | | | | |
| U.S. Appraisal and ancillary | **$ 52.6** | $ 51.5 | $ 1.1 | 2.2% | 5.3% |
| U.S. Title and closing and other | **12.5** | 16.2 | (3.7) | -22.8% | -15.6% |
| Canada | **8.4** | 9.0 | (0.6) | -6.8% | 1.9% |
| Consolidated revenues | **$ 73.5** | $ 76.7 | $ (3.2) | -4.1% | 0.5% |
| Net income (loss) | **$ 0.9** | $ (8.8) | $ 9.7 | | |
| Net income (loss) per diluted share | **$ 0.01** | $ (0.11) | $ 0.12 | | |
| *Non-GAAP measures* | | | | | |
| Net Revenue(A) | **$ 20.2** | $ 23.3 | $ (3.1) | -13.3% | |
| Net Revenue(A) margin | **27.5%** | 30.4% | -2.9% | | |
| Adjusted EBITDA(A) | **$ 0.9** | $ 2.8 | $ (1.8) | | |
| Adjusted EBITDA(A) margin | **4.7%** | 12.0% | -7.3% | | |
| Adjusted Net Income(A) | **$ 2.5** | $ 2.0 | $ 0.5 | | |
| Adjusted Net Income (A) per diluted share | **$ 0.03** | $ 0.02 | $ 0.01 | | |

| | | | | | Nine months ended June 30, |
|---|---|---|---|---|---|
| | **2018** | **2017** | **$ Change** | **% Change** | **Market adjusted growth (decline) %** |
| Revenues | | | | | |
| U.S. Appraisal and ancillary | **$ 148.4** | $ 143.1 | $ 5.3 | 3.7% | 15.2% |
| U.S. Title and closing and other | **42.5** | 53.9 | (11.4) | -21.2% | -8.2% |
| Canada | **22.6** | 23.1 | (0.5) | -2.3% | 2.4% |
| Consolidated revenues | **$ 213.5** | $ 220.1 | $ (6.6) | -3.0% | 8.1% |
| Net loss | **$ (1.5)** | $ (19.9) | $ 18.4 | | |
| Net loss per diluted share | **$ (0.02)** | $ (0.26) | $ 0.24 | | |
| *Non-GAAP measures* | | | | | |
| Net Revenue(A) | **$ 63.2** | $ 68.3 | $ (5.1) | -7.4% | |
| Net Revenue(A) margin | **29.6%** | 31.0% | -1.4% | | |
| Adjusted EBITDA(A) | **$ 3.7** | $ 6.5 | $ (2.8) | | |
| Adjusted EBITDA(A) margin | **5.8%** | 9.5% | -3.7% | | |
| Adjusted Net Income(A) | **$ 5.2** | $ 2.0 | $ 3.2 | | |
| Adjusted Net Income(A) per diluted share | **$ 0.06** | $ 0.02 | $ 0.04 | | |

**Outlook**

*Fourth quarter of 2018*

We expect fourth quarter consolidated revenues and Net Revenue(A) will decline compared to the third quarter of the fiscal year ending September 30, 2018 (“fiscal 2018”), reflecting our expectations for mortgage origination volumes, net of market share gains and new client additions. We anticipate consolidated Net Revenue(A) margins will improve compared to the third quarter of fiscal 2018 due to revenue mix.

Please also refer to the Strategy and Outlook section of Management’s Discussion and Analysis (“MD&A”) for the third quarter ended June 30, 2018.

**Conference Call and Webcast**

A conference call to review the results will take place at 10 a.m. (ET) on Wednesday, August 8, 2018, hosted by Chief Executive Officer Jason Smith and Chief Financial Officer Bill Herman. An accompanying slide presentation will be posted to the Investor Relations section of our website shortly before the call.

To access the call:

- Participant Toll Free Dial-In Number: (866) 393-4306
- Participant International Dial-In Number: (734) 385-2616
- Conference ID: 6099155

To listen to the live webcast of the call:

- Go to: https://event.on24.com/wcc/r/1773426/634877A4CFFBDD5137D7DAE84A076B72

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

**(A) Non-GAAP Measures**

The non-GAAP measures used in this Press Release, including Net Revenue, Adjusted EBITDA and Adjusted Net Income or Loss, do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined and discussed in the Company’s MD&A for the three and nine month periods ended June 30, 2018, available on SEDAR at www.sedar.com.

Full reports for Real Matters financial results for the three and nine month periods ended June 30, 2018 are outlined in the unaudited interim condensed consolidated financial statements and the related MD&A of the Company, which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on our website at www.realmatters.com.

**Forward-Looking Statements**

This new release contains forward-looking statements that relate to our current expectations and views of future events including with respect to future market share and future results. In some cases, these forward-looking statements can be identified by words or phrases such as ‘‘forecast’’, ‘‘target’’, ‘‘goal’’, ‘‘may’’, ‘‘might’’, ‘‘will’’, ‘‘expect’’, ‘‘anticipate’’, ‘‘estimate’’, ‘‘intend’’, ‘‘plan’’, ‘‘indicate’’, ‘‘seek’’, ‘‘believe’’, ‘‘predict’’, or ‘‘likely’’, or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe might affect our financial condition, results of operations, business strategy and financial needs. A comprehensive discussion of the risks that impact Real Matters and these forward-looking statements can be found in the Annual Information Form dated December 27, 2017 available on SEDAR at www.sedar.com. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described under the heading “Important Factors Affecting Results from Operations” outlined in the Strategy and Outlook section of the Company’s MD&A for the three and nine month periods ended June 30, 2018.

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

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

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

**About Real Matters**

Real Matters is a leading network management services provider for the $16 billion mortgage lending and insurance industries. Real Matters’ platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field agents to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include more than 60 of the top 100 mortgage lenders in the U.S. and some of the largest insurance companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title and mortgage closing services in the U.S. Established in 2004, Real Matters has offices in Buffalo (NY), Denver (CO), Middletown (RI), and Markham (ON). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL. For more information, visit www.realmatters.com.

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