Real Matters Reports First Quarter 2019 Financial Results

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

TORONTO--(BUSINESS WIRE)--January 31, 2019--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 first quarter of fiscal 2019.

“Consolidated revenues declined in the first quarter on a year-over-year basis as the U.S. mortgage market continued to underperform due to a variety of headwinds. Our U.S. Appraisal market share increased on a year-over-year basis and we continued to improve Net Revenue[(A)] margins which increased 370 basis points while Adjusted EBITDA[(A)] margins increased to 37.8% from 24.4% in the comparable period. We estimate that U.S. mortgage origination market volumes were down 23%, and we recorded market adjusted growth of 16% in our U.S. Appraisal segment,” said Real Matters Chief Executive Officer Jason Smith. “In our U.S. Title segment, we continued to see the impact of steep year-over-year declines in the U.S. mortgage refinance market; our revenues were down 23% and we reported a market adjusted decline of 20% in the comparable volumes we serviced. We continue to pursue market share growth opportunities in both U.S. Appraisal and U.S. Title, while focusing on operational improvements and building scale to support our long-term growth and profitability objectives.”

Q1 2019 Summary Information

- Consolidated revenues down 18% from Q1 2018
- Consolidated net income of $4.5 million in Q1 2019 compared to consolidated net loss of $5.4 million in Q1 2018
- Consolidated Net Revenue[(A)] of $18.8 million in Q1 2019 compared with $22.5 million in Q1 2018, consolidated Net Revenue[(A)] margins of 31.1% up from 30.4% in Q1 2018
- U.S. Appraisal: market adjusted volume growth of 16%, Net Revenue[(A)] margins up 370 basis points from Q1 2018, Adjusted EBITDA[(A)] of $3.4 million up 56% from Q1 2018
- U.S. Title: market adjusted volume decline of 20%, Net Revenue[(A)] margins down 460 basis points from Q1 2018, Adjusted EBITDA[(A)] of $1.0 million compared with $3.2 million in Q1 2018
- Persistent U.S. mortgage market headwinds – estimated market decline of 23%
- Went live in new channels with two Top 100 lenders in U.S. Appraisal
- Went live with one new Top 100 lender in U.S. Title

(millions of dollars)	**Three months ended December 31**			
	2018	**2017**	**$ Change**	**% Change**
Revenues				
U.S. Appraisal	**$ 39.5**	$ 47.0	$ (7.5)	-16.0%
U.S. Title	**15.0**	19.4	(4.4)	-22.7%
Canada	**6.0**	7.5	(1.5)	-20.0%
Consolidated revenues	**$ 60.5**	$ 73.9	$ (13.4)	-18.1%
Net income (loss)	**$ 4.5**	$ (5.4)	$ 9.9	
Net income (loss) per diluted share	**$ 0.05**	$ (0.06)	$ 0.11	
Non-GAAP measures				
Net Revenue[(A)]	**$ 18.8**	$ 22.5	$ (3.7)	-16.4%
Net Revenue[(A)] margin	**31.1%**	30.4%	0.7%	
Adjusted EBITDA[(A)]	**$ 1.7**	$ 2.4	$ (0.7)	
Adjusted EBITDA[(A)] margin	**9.1%**	10.6%	-1.5%	
Adjusted Net Income[(A)]	**$ 1.8**	$ 1.3	$ 0.5	
Adjusted Net Income [(A)] per diluted share	**$ 0.02**	$ 0.01	$ 0.01	

Conference Call and Webcast

A conference call to review the first quarter 2019 financial results will take place at 9:00 a.m. (ET) on Thursday, January 31, 2019 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: (833) 247-5856
- Participant International Dial-In Number: (647) 689-4232
- Conference ID: 3581358

To listen to the live webcast of the call:

- Go to: https://event.on24.com/wcc/r/1900099/08007F25498D966BF087595BB8D62D9B

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 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 and discussed in the Company's MD&A for the three months ended December 31, 2018, available on SEDAR at www.sedar.com.

Full reports for Real Matters financial results for the three months ended December 31, 2018 are outlined in the unaudited 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 Information

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

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

The forward-looking information in this Press Release is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. A comprehensive discussion of the factors which could cause results or events to differ from current expectations can be found in the "Risk Factors" section of our Annual Information Form for the year ended September 30, 2018 and under the heading "Important Factors Affecting Results from Operations" in our MD&A for the three months ended December 31, 2018, each of which is available on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this Press Release. Except as required by law, we do not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

About Real Matters

Real Matters is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace for the provision of mortgage lending and insurance industry services. For the fiscal year ended September 30, 2018, our clients included approximately 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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