

Real Matters Inc.

Condensed Consolidated Statements of Financial Position

December 31, 2020 and September 30, 2020 (unaudited - stated in thousands of United States ("U.S.") dollars)

	December 31, 2020	September 30, 2020
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 118,627	\$ 129,156
Trade and other receivables	31,207	30,661
Prepaid expenses	1,925	1,791
	<u>151,759</u>	<u>161,608</u>
NON-CURRENT		
INTANGIBLES	7,495	7,927
GOODWILL	60,477	60,477
PROPERTY AND EQUIPMENT	12,900	11,352
OTHER ASSETS	20	34
DEFERRED TAX ASSETS	10,461	8,326
	<u>91,353</u>	<u>88,116</u>
TOTAL ASSETS	\$ 243,112	\$ 249,724
LIABILITIES		
CURRENT		
Trade payables	\$ 18,495	\$ 19,477
Accrued charges	2,648	5,216
Income taxes payable	2,973	1,384
Lease liabilities (Note 9)	1,630	1,303
	<u>25,746</u>	<u>27,380</u>
NON-CURRENT		
WARRANT LIABILITIES (Notes 4, 9, and 11)	2,681	3,527
LEASE LIABILITIES (Note 9)	7,604	6,601
	<u>10,285</u>	<u>10,128</u>
TOTAL LIABILITIES	36,031	37,508
EQUITY		
NON-CONTROLLING INTERESTS	3,177	3,214
SHAREHOLDERS' EQUITY (Note 5)		
Common shares	259,439	262,653
Contributed surplus	8,565	7,712
Accumulated deficit	(59,939)	(51,536)
Accumulated other comprehensive loss	(4,161)	(9,827)
	<u>203,904</u>	<u>209,002</u>
TOTAL EQUITY	207,081	212,216
TOTAL LIABILITIES AND EQUITY	\$ 243,112	\$ 249,724

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

Real Matters Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income

For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	Three months ended	
	2020	2019
REVENUES (Note 12)	\$ 120,298	\$ 103,781
TRANSACTION COSTS	76,272	68,511
OPERATING EXPENSES (Note 7)	27,509	21,555
AMORTIZATION	1,238	1,089
INTEREST EXPENSE	125	128
INTEREST INCOME	(64)	(223)
NET FOREIGN EXCHANGE LOSS	5,961	3,133
(GAIN) LOSS ON FAIR VALUE OF WARRANTS (Notes 4 and 9)	(990)	906
INCOME BEFORE INCOME TAX EXPENSE	10,247	8,682
INCOME TAX EXPENSE (RECOVERY)		
Current	5,205	879
Deferred	(2,047)	2,670
TOTAL INCOME TAX EXPENSE	3,158	3,549
NET INCOME	7,089	5,133
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	5,666	3,029
COMPREHENSIVE INCOME	\$ 12,755	\$ 8,162
NET INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 7,116	\$ 5,011
NET (LOSS) INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ (27)	\$ 122
COMPREHENSIVE INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 12,782	\$ 8,040
COMPREHENSIVE (LOSS) INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ (27)	\$ 122
Net income per weighted average share, basic (Note 6)	\$ 0.08	\$ 0.06
Net income per weighted average share, diluted (Note 6)	\$ 0.08	\$ 0.06
Weighted average number of shares outstanding (thousands), basic (Note 6)	84,895	84,925
Weighted average number of shares outstanding (thousands), diluted (Note 6)	88,135	88,363

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

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Condensed Consolidated Statements of Cash Flows

For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars)

	Three months ended	
	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING		
OPERATING		
Net income	\$ 7,089	\$ 5,133
Items not affecting cash		
Stock-based compensation (Note 10)	901	833
Amortization of intangibles	432	432
Amortization of property and equipment	806	657
Interest expense	125	128
(Gain) loss on fair value of warrants (Notes 4 and 9)	(990)	906
Income tax expense	3,158	3,549
Unrealized foreign exchange loss on internal financing arrangements	3,649	2,051
Changes in non-cash working capital items (Note 8)	(4,139)	1,251
Interest paid	(110)	(104)
Income taxes paid	(3,625)	(575)
Cash generated from operating activities	7,296	14,261
INVESTING		
Purchase of property and equipment	(2,303)	(437)
Cash utilized in investing activities	(2,303)	(437)
FINANCING		
Proceeds from lease liabilities (Note 9)	1,614	189
Repayment of lease liabilities (Note 9)	(316)	(331)
Proceeds from the exercise of stock options, net of issue costs	168	907
Purchase of common shares and related costs (Note 5)	(18,949)	(5,857)
Dividends paid to non-controlling interests	(10)	(534)
Cash utilized in financing activities	(17,493)	(5,626)
Effect of foreign currency translation on cash and cash equivalents	1,971	991
NET CASH (OUTFLOW) INFLOW	(10,529)	9,189
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,156	71,680
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 118,627	\$ 80,869
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash and cash equivalents are comprised of:		
Cash	\$ 57,291	\$ 30,945
Cash equivalents	61,336	49,924
	\$ 118,627	\$ 80,869

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

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Condensed Consolidated Statements of Equity

For the three months ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2020	\$ 3,214	\$ 262,653	\$ 7,712	\$ (51,536)	\$ (9,827)	\$ 212,216
Net (loss) income	(27)			7,116		7,089
Dividends paid to non-controlling interests	(10)					(10)
Common shares issued on the exercise of stock options		216	(48)			168
Stock-based compensation (Note 10)			901			901
Purchase of common shares and related costs (Note 5)		(3,430)		(15,519)		(18,949)
Foreign currency translation adjustment					5,666	5,666
Balance at December 31, 2020	\$ 3,177	\$ 259,439	\$ 8,565	\$ (59,939)	\$ (4,161)	\$ 207,081

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2019	\$ 3,978	\$ 253,842	\$ 6,393	\$ (81,346)	\$ (8,706)	\$ 174,161
Change in accounting policy				81		81
Net income	122			5,011		5,133
Dividends paid to non-controlling interests	(534)					(534)
Common shares issued on the exercise of stock options		1,146	(239)			907
Common shares issued on the exercise of warrants (Note 4)		2,482				2,482
Stock-based compensation (Note 10)			833			833
Purchase of common shares and related costs (Note 5)		(1,687)		(4,170)		(5,857)
Foreign currency translation adjustment					3,029	3,029
Balance at December 31, 2019	\$ 3,566	\$ 255,783	\$ 6,987	\$ (80,424)	\$ (5,677)	\$ 180,235

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

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Notes to the Condensed Consolidated Financial Statements

For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 at the Company’s principal offices in Buffalo, New York, Middletown, Rhode Island and Denver, Colorado.

2. Basis of Presentation and Significant Accounting Policies

The unaudited interim condensed consolidated financial statements (“financial statements”) are presented in thousands of U.S. dollars.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. These financial statements should be read in conjunction with the annual audited consolidated financial statements, and notes thereto, for the years ended September 30, 2020 and 2019 (the “annual financial statements”).

These financial statements were authorized for issue by the board of directors on January 27, 2021.

Use of estimates and judgments

The preparation of these financial statements requires management to employ certain accounting estimates and judgments in the application of the Company’s accounting policies. The areas involving significant estimate and judgment are set out in Note 2 to the Company’s annual financial statements. There have been no notable changes in the methods applied to determine significant estimates and judgments since September 30, 2020, except as outlined in Note 3.

Summary of Significant Accounting Policies

The significant accounting policies and methodologies applied by the Company in preparing these financial statements are the same as those outlined in the most recent annual financial statements, except as outlined in Note 3.

3. Recent Accounting Pronouncements

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 clarified that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the creation of outputs. The definition of a business and outputs have been narrowed to focus on goods and services provided to customers and removed the reference to cost reductions. The amendments were effective for annual periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of this amendment had no impact on the Company’s financial statements.

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

In October 2018, the IASB issued “Definition of Material (Amendments to IAS 1 and IAS 8)” which clarified the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments were effective for annual reporting periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of this new definition of material had no impact on the Company’s financial statements.

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Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued “Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)” which provided a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment clarified that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Only rights to defer settlement by at least twelve months which are in place at the end of the reporting period affect the classification of a liability. Classification is unaffected by an entities’ expectation to exercise its right to defer settlement of a liability. The amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2023. The Company will apply the amendment to the classification of liabilities effective October 1, 2023, and adopting this amendment is not expected to have a significant impact on the Company’s financial statements.

Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – “Property, Plant and Equipment – Proceeds before Intended Use” (“IAS 16”), IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract” (“IAS 37”), IFRS 3 – “Reference to the Conceptual Framework” (“IFRS 3”), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarified the meaning of “costs to fulfil a contract” which could result in the recognition of more onerous contract provisions. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Without this update, an entity may have recognized certain liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable to the Company.

These amendments are effective January 1, 2022 and earlier application is permitted. The Company will apply the amendments effective October 1, 2022, and adopting these amendments is not expected to have a significant impact on the Company’s financial statements.

4. Warrant Liabilities

Company-issued special warrants were automatically converted into common share purchase warrants (“warrants”) on completion of the Company’s initial public offering (“IPO”) (together with other satisfied events). All outstanding warrants are exercisable and expire on May 11, 2022, which is five years following the date of the 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 condensed consolidated statements of operations and comprehensive income. There is no circumstance which requires the Company to pay cash upon exercise or expiry of the warrants.

During the three months ended December 31, 2020, no warrants were exercised. During the three months ended December 31, 2019, 683 warrants were exercised, resulting in the issuance of 623 common shares. These warrants had a fair value of \$7,898 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 \$1,200 loss to the condensed consolidated statement of operations and comprehensive income 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 December 31, 2020, there were 191 (September 30, 2020 – 191) warrants outstanding. All warrants have an exercise price of 1.38 Canadian dollars (“C\$”) (September 30, 2020 – C\$1.38) representing a total liability of \$2,681 at December 31, 2020 (September 30, 2020 - \$3,527).

The loss on fair value of warrants was measured using the Black-Scholes-Merton option pricing model and included the following assumptions: volatility of 74.9% (2019 – 35.1%), a risk-free interest rate of 0.18% (2019 – 1.78%), a dividend yield of nil% (2019 - nil%) and an expected life of 8 months (2019 - 9 months).

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For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

5. Shareholders' Equity

Effective June 11, 2020, the Company received approval to renew its normal course issuer bid for a one year period expiring on June 10, 2021. Under the renewed normal course issuer bid, the Company is approved to purchase up to 4,000 common shares. Daily purchases on the Toronto Stock Exchange, or made through alternative Canadian trading systems, are limited to a maximum of 135.858 common shares. The Company is permitted to purchase a block of common shares once a week 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 three months ended December 31, 2020, 1,164 common shares (2019 – 598) were purchased and cancelled at a total cost of \$18,949 (2019 - \$5,857). As of January 27, 2021, 70 additional common shares were purchased and cancelled or settled.

6. Net Income per Weighted Average Share

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

	Three months ended December 31	
	2020	2019
Net income	\$ 7,089	\$ 5,133
Net income attributable to common shareholders	\$ 7,116	\$ 5,011
Weighted average number of shares, basic	84,895	84,925
Dilutive effect of stock options and warrants	3,240	3,438
Weighted average number of shares, diluted	88,135	88,363
Net income per weighted average share, basic	\$ 0.08	\$ 0.06
Net income per weighted average share, diluted	\$ 0.08	\$ 0.06

7. Operating Expenses

	Three months ended December 31	
	2020	2019
Operating expenses:		
Salaries and benefits	\$ 21,950	\$ 16,542
Sales and marketing	124	321
Travel and entertainment	25	553
Office and computer	3,709	2,553
Professional fees	823	819
Other	878	767
	\$ 27,509	\$ 21,555

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For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

8. Changes in Non-Cash Working Capital Items

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

Inflow (outflow)	Three months ended December 31	
	2020	2019
Trade and other receivables	\$ (546)	\$ 6,020
Prepaid expenses	(134)	239
Trade payables	(982)	(4,231)
Accrued charges	(2,568)	(805)
Effect of foreign currency translation adjustments and other non-cash changes	91	28
	\$ (4,139)	\$ 1,251

9. Changes in Liabilities Arising From Financing Activities

	Three months ended December 31, 2020						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2020	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - December 31, 2020
Lease liabilities	\$ 7,904	1,614	(316)	-	32	-	\$ 9,234
Warrant liabilities	\$ 3,527	-	-	(990)	144	-	\$ 2,681

	Three months ended December 31, 2019						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2019	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - December 31, 2019
Lease liabilities ⁽¹⁾	\$ 10	189	(331)	-	18	9,071	\$ 8,957
Leasehold inducements ⁽¹⁾	\$ 439	-	-	-	-	(439)	\$ -
Warrant liabilities	\$ 6,394	-	-	906	100	(2,482)	\$ 4,918

Note

⁽¹⁾ Other non-cash changes reflect the initial adoption and subsequent accounting for lease liabilities under IFRS 16.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

10. Stock-Based Compensation

The Company awarded the following stock options during the three months ended December 31, 2020:

Grant date	Group awarded to	Vesting period (from the date of grant)	Expiry date (from the date of grant)	Aggregate number of stock options awarded
November 24, 2020	Executive officers and certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	361
November 24, 2020	Directors	Immediately	7 th anniversary date	82

The following table outlines changes to stock options:

	Three months ended December 31			
	2020		2019	
	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	5,112	\$ 7.50	6,060	\$ 6.03
Granted, during the period	443	\$ 19.30	604	\$ 12.46
Exercised, during the period	(43)	\$ 5.13	(290)	\$ 4.13
Forfeited, during the period	(17)	\$ 17.12	(170)	\$ 9.79
Expired, during the period	(38)	\$ 2.28	-	\$ -
Outstanding balance, end of period	5,457	\$ 8.48	6,204	\$ 6.64
Options exercisable, end of period	3,985	\$ 7.51	4,037	\$ 5.92

The Company recorded stock option expense of \$901 (2019 - \$833) to operating expenses in the condensed consolidated statements of operations and comprehensive income for the three months ended December 31, 2020.

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For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table summarizes certain information for stock options outstanding as at December 31, 2020:

Exercise price, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 1.84	33	1.21	33
\$ 2.21	30	2.37	30
\$ 2.40	665	3.90	665
\$ 3.93	855	4.91	624
\$ 4.60	85	4.54	85
\$ 5.00	97	4.86	97
\$ 5.22	178	4.61	119
\$ 6.11	927	4.36	673
\$ 6.17	36	5.35	-
\$ 6.87	220	5.48	73
\$ 8.00	185	5.53	186
\$ 8.63	10	6.62	10
\$ 9.05	27	6.92	27
\$ 9.59	3	7.09	1
\$ 10.50	116	5.93	116
\$ 12.46	551	5.90	264
\$ 12.80	1	6.37	1
\$ 13.00	863	6.36	863
\$ 14.00	54	6.09	36
\$ 15.31	50	6.11	-
\$ 19.30	438	6.90	82
\$ 20.88	15	6.35	-
\$ 31.94	18	6.59	-
	5,457	5.25	3,985

11. Financial Instruments

The following tables outline the hierarchical measurement categories for the fair value of financial liabilities. At December 31, 2020 and September 30, 2020, financial liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

	December 31, 2020			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (2,681)	\$ -	\$ (2,681)
	\$ -	\$ (2,681)	\$ -	\$ (2,681)

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Notes to the Condensed Consolidated Financial Statements

For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

September 30, 2020

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (3,527)	\$ -	(3,527)
	\$ -	\$ (3,527)	\$ -	(3,527)

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 three months ended December 31, 2020 and year ended September 30, 2020, 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.

12. 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 Chief Operating Decision Maker ("CODM") to make operating and resource allocation decisions and to assess performance. The CODM is the Chief Executive Officer of the Company.

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

The U.S. Title segment serves the title and closing market by providing various title services for refinance, purchase, short sale and real estate owned ("REO") transactions to financial institutions through its Solidifi brand. As an independent title agent, the Company provides services required to close a mortgage transaction, including title search, closing and escrow services and title policy issuance. Other title and closing service offerings include capital markets services and providing access to software platforms for other title insurance agencies and mortgage lenders for a subscription fee.

The Canadian segment's primary service offerings include residential mortgage appraisals for purchase, refinance and home equity transactions which it provides 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.

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

	Three months ended December 31	
	2020	2019
Revenues		
U.S. Appraisal	\$ 69,555	\$ 67,379
U.S. Title	39,937	28,723
Canada	10,806	7,679
	\$ 120,298	\$ 103,781
Revenues net of transaction costs		
U.S. Appraisal	\$ 15,693	\$ 15,476
U.S. Title	26,680	18,473
Canada	1,653	1,321
	\$ 44,026	\$ 35,270
Amortization		
U.S. Appraisal	\$ 393	\$ 367
U.S. Title	692	588
Canada	-	-
Corporate	153	134
	\$ 1,238	\$ 1,089
Operating expenses	\$ 27,509	\$ 21,555
Interest expense	\$ 125	\$ 128
Interest income	\$ (64)	\$ (223)
Net foreign exchange loss	\$ 5,961	\$ 3,133
(Gain) loss on fair value of warrants	\$ (990)	\$ 906
Income before income tax expense	\$ 10,247	\$ 8,682

Geographic segmentation of the Company's assets is as follows:

	December 31, 2020			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 7,495	\$ -	\$ -	\$ 7,495
Goodwill	60,477	-	-	60,477
Property and equipment	11,866	-	1,034	12,900
	September 30, 2020			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 7,927	\$ -	\$ -	\$ 7,927
Goodwill	60,477	-	-	60,477
Property and equipment	10,230	-	1,122	11,352

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For the periods ended December 31, 2020 and 2019 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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:

	Three months ended December 31	
	2020	2019
Appraisal	\$ 79,515	\$ 74,102
Title and closing - mortgage origination	37,531	22,184
Title and closing - diversified	2,406	6,539
Insurance inspection	846	956
	\$ 120,298	\$ 103,781

13. Seasonality

Residential mortgage origination volumes in North America are a key driver of the Company's financial performance and are influenced by cyclical trends and seasonality. Cyclical trends include changes in interest rates, refinancing rates, the capacity of lenders to underwrite mortgages, house prices, housing stock 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. The Company's transaction-based revenues are also impacted by the seasonal nature of the residential mortgage industry, which typically sees home buyers purchase more homes in the Company's third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. The results reported in these financial statements should not be regarded as an indication of the results expected for the entire year.