Real Matters Q4 and Fiscal 2026 Conference Call - Transcript

November 19, 2026

Corporate Participants

Brian Lang, *Chief Executive Officer*
Rodrigo Pinto, *Chief Financial Officer*
Lyne Beauregard, *Vice President, Investor Relations & Corporate Communications*

Other Participants

Doug Taylor, National Bank, Analyst
Stephen Machielsen, BMO Capital Markets, Analyst
John Shao, TD Cowen, Analyst
Robert Young, Canaccord Genuity Corp., Analyst
Gavin Fairweather, ATB Cormark, Analyst

Presentation

Operator

Good day. And thank you for standing by. Welcome to the Real Matters fourth quarter and Fiscal Year 2026 Earnings Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded.

I would now like to turn the conference over to your speaker for today, Lyne Beauregard.

Please go ahead.

Lyne Beauregard

Thank you, Operator. Good morning, everyone. Welcome to Real Matters' financial results conference call for the fourth quarter and fiscal year ended September 30, 2026.

With me today are Real Matters Chief Executive Officer, Brian Lang; and Chief Financial Officer, Rodrigo Pinto.

This morning before market open we issued a news release announcing our results for the three months and the fiscal year ended September 30, 2026.

The release, the company's slide presentation, as well as financial statements and MD&A are posted in the investor section of our website at realmatters.com.

During the call we may make certain forward-looking statements which reflect the current expectations of management with respect to our business and the industry in which we operate.

However there are a number of risks, uncertainties, and other factors that could cause our results to differ materially from our expectations.

Please see the slide entitled cautionary note regarding forward-looking information in the accompanying slide presentation for more details.

You can also find additional information about these risks in the risk factor section of the company's annual information form for the year ended September 30, 2025 which is available on SEDAR+ and in the investor relations section of our website.

As a reminder, we refer to non-GAAP measures in our slide presentation including net revenue, net revenue margins, adjusted net income or loss, adjusted net income or loss per diluted share, adjusted EBITDA, adjusted EBITDA margin.

Non-GAAP measures are described in our MD&A for the three months and fiscal year ended September 30, 2026, where you will also find reconciliations to the nearest IFRS measures.

With that, I'll turn the call over to Brian.

Brian Lang
Thank you, Lyne. Good morning everyone. And thank you for joining us.

I'll kick things off today by walking you through our thoughts on the full year. Rodrigo will then provide some color on the fourth quarter before I make some brief closing remarks.

Fiscal 2026 was a year of meaningful progress for Real Matters and our strongest year for new sales since going public.

We expanded our client base, gained market share and grew platform transaction volumes in one of the toughest mortgage markets in recent history.

We also grew consolidated revenue and net revenue by double digits, generated positive consolidated adjusted EBITDA and significantly improved U.S. Title scale and profitability.

For the full year, consolidated revenues increased 13% to $191.1 million. Net revenue increased 16% to $52 million, and we generated positive adjusted EBITDA of $0.3 million, reversing our loss of $3.2 million in fiscal 2025. These results underscored our model's operating leverage as higher volumes from new clients and market share gains helped us navigate a constrained mortgage origination market.

Our growth was driven primarily by execution. Throughout the year, we launched 18 new clients and three new channels across our U.S. segments including a total of eight top 100 lenders, one Tier

one lender in U.S. title, a major U.S. mortgage servicer and a leading digital financial services platform.

We also continue to earn additional market share with existing clients by maintaining strong service and scorecard performance. Taking a closer look at our segment performance; U.S. Appraisal annual mortgage origination transaction volumes were up 6% year-over-year in fiscal 2026. The business maintained leading positions on lender scorecards and full year revenues increased 12% to $136.4 million.

Growth in refinance, home equity and other revenues more than offset relatively flat purchase origination revenues. Net revenue for U.S. Appraisal increased 5% to $33.7 million, and the segment recorded positive adjusted EBITDA of $13.3 million.

In fiscal 2026, we became one of the first to complete the certification for the new uniform appraisal data initiative which is modernizing appraisal forms across the industry.

Our team has helped lead this multiyear transition, working with lenders, regulators and appraisers to maintain strong performance and deliver exceptional experiences for clients and their customers.

This work has set us apart. And we expect to build on that advantage to gain market share. U.S. Title delivered the strongest growth across our segments, driven by new client launches, market share gains and increased refinance activity.

Full year mortgage origination transaction volumes were up 161% and refinance origination revenues increased 153%.

A shift in revenue mix and higher volumes lifted net revenue margins by 670 basis points year-over-year to 59.8% and net revenue more than doubled to $11.4 million. The segment also cut its adjusted EBITDA loss in half to $3.7 million.

Canada continued to provide stable positive adjusted EBITDA in a softer appraisal market.

While full year revenues decreased 5%, net revenue margin improved to 19.1% from 18.8%, and the segment posted adjusted EBITDA of $4.3 million.

Across the company, we remain focused on the factors within our control: winning new clients, increasing market share, delivering consistently strong service and scaling our operations with discipline.

Our network management platform and the trust we have built with clients remain central to our competitive advantage.

We are continuing to invest in our platform including the use of AI to enhance our capabilities and drive operating efficiencies.

We will also continue to evaluate opportunities to broaden our revenue streams and strengthen our long-term growth profile.

With that, I'll turn the call back over to Rodrigo to review the fourth quarter results in more detail. Rodrigo?

Rodrigo Pinto
Thank you, Brian. And good morning, everyone.

During fiscal Q4 '26, the interest rate environment became less supportive for mortgage activity compared with prior year quarter.

In Q4 '26, 10-year U.S. Treasury yields moved higher and spreads widened, contributing to the increase in mortgage rates and limiting the refinance opportunity that we experienced towards the end of fiscal Q4 last year.

The average 30-year fixed mortgage rates increased from 6.43% in early July to 7.4% at the end of the quarter, a rise of approximately 100 basis points with the increase accelerating during September.

This compares with fiscal Q4 '25 when 30-year mortgage rates declined to approximately 6.3% by the end of September 2025 which created a temporary tailwind of improved refinance economics and contributed to increased refinance application activity.

Turning to our fourth quarter results. U.S. Title was our primary growth engine.

Strong performance drove market share gains with two Tier one lenders while we continue launching new clients and channels. Consolidated revenue was largely unchanged year-over-year as U.S. Title's strong revenue growth offset the declines in U.S. Appraisal and Canada revenues due to lower mortgage origination volumes.

U.S. Appraisal revenue were $32.5 million, down 2% year-over-year. Purchase origination revenues decreased 9% and refinance origination revenues decreased 12%, while home equity revenues increased 10% and other revenues increased 93%.

Our origination transaction volumes decreased 9% year-over-year.

U.S. Appraisal net revenue was $7.6 million, down 10% year-over-year, and net revenue margin decreased 210 basis points to 23.4% due to the distribution of transaction volumes as it relates to geographies, clients and products.

Adjusted EBITDA was $2.3 million compared with $3.9 million last year. The decrease reflects lower net revenue and higher operating expenses related to UAD 3.6 transition and nonrecurring savings of $0.3 million realized in the comparable quarter.

In U.S. Title, fourth quarter revenues increased 68% to $4.8 million. Refinance origination revenues increased 107% and home equity revenues increased 60% due to market share gains with new and existing clients. U.S. Title net revenue increased 72% to $2.7 million and net revenue margin improved to 55.2% from 54.2%.

The segment reduced its adjusted EBITDA loss to $1.1 million from $1.7 million in the prior year quarter, while continuing to invest in people and capacity to onboard new clients faster.

In Canada, fourth quarter revenues were $8.5 million, down 15% due primarily to lower market volumes for appraisal services and the unfavorable impact of foreign exchange.

Net revenue was $1.5 million and adjusted EBITDA was $1 million, down 23% due to lower net revenue, but partially offset by lower operating expenses.

In total, fourth quarter consolidated revenues were $45.8 million, relatively flat compared with $46 million in the prior year quarter.

Consolidated net revenue was $11.8 million compared with $11.9 million in the fourth quarter of fiscal 2025.

Adjusted EBITDA was a loss of $1.3 million compared with positive adjusted EBITDA of $0.1 million in the prior year quarter due to an increase in operating expenses in our U.S. Appraisal and Title segments, as I highlighted earlier.

We closed fiscal 2026 with $35.9 million in cash and no outstanding debt. The decline in cash from the prior period reflected the timing of $5.2 million in payments from major clients which were received shortly after year-end.

As of October 31, '26, our cash balance was $41.5 million.

In the current market environment, our strong balance sheet provides the company with financial resilience and strategic flexibility.

With no debt and a substantial cash position, we are well positioned to navigate prevailing market headwinds and to sustain operations through the period of subdued mortgage origination volumes.

We'll continue to make targeted investments in our platform and client onboarding capabilities.

However these investments will be measured subject to defined approval thresholds and aligned with market conditions. The company remains disciplined in managing operating expenses and our financial position allow us to be patient, preserving the ability to respond when market conditions improve.

On a personal note, as you know this is my final quarter with the company.

I want to thank the Real Matters team, our shareholders, research analysts, bankers and the investment community for their continued support and partnership over the past few years.

The company's sound strategy, strong balance sheet and talented team gives me confidence in its long-term success.

I'm confident in my team and trust that I leave you in capable hands.

With that, I'll turn it back over to Brian. Brian?
Brian?

Brian Lang
Rodrigo, on behalf of the Board and everyone at Real Matters, thank you for your many contributions.

As a valued member of our leadership team, you helped strengthen our financial foundation, advance our strategy and prepare the company for its next phase of growth.

We wish you continued success.

As we announced this morning, the Board has appointed Daniela Nguyen as Interim Chief Financial Officer, effective December 1, 2026, while the search for a permanent successor continues. Ms. Nguyen is a CPA with more than 25 years of public company accounting experience.

She has served as Vice President and Corporate Controller at Real Matters since 2016 and is very well positioned to ensure operational continuity and an orderly transition.

The company will provide an update on the search process as developments warrant.

Fiscal 2026 demonstrated that Real Matters can deliver growth through client wins, market share gains and strong execution. More importantly, we have demonstrated that we can create growth through the factors we control.

Our full year results showed the benefits of scale with higher volume -- higher platform volumes translating into improved operating performance. U.S.

Appraisal remains a strong and resilient business, supported by leading lender scorecard performance and deep client relationships. U.S. Title has reached an important stage in its development and is increasingly becoming a meaningful growth engine for the company.

Looking ahead, our priorities remain clear.

We will continue to pursue large addressable markets where we have a distinct competitive advantage, deepen relationships with our clients and invest in the capacity and technology needed to support sustainable growth.

Our network management platform has been at the core of our advantage for more than two decades.

We will continue to build on that foundation including leveraging AI to strengthen our capabilities, improve efficiency and advance toward our target operating model.

While the timing and pace of a broader mortgage market recovery remains uncertain, we believe Real Matters is well positioned to take benefit from higher industry volumes when they return.

The 100-plus clients and channels we have added since fiscal 2020 have expanded our addressable opportunity and built a larger base from which to grow when mortgage activity normalizes.

Our strong balance sheet and proven record of disciplined expense management give us the flexibility to navigate the current mortgage cycle.

With that, Operator, we'd like to open it up for questions now.

Question and Answer Session

Operator
Our first question today will be coming from the line of Doug Taylor of National Bank.

Doug Taylor
The volume outlook in the near term, at least seems to be deteriorating further if you look at some of the data we've seen. You guys have already done a great job running a very lean operation. And I know you've spoken to your ability to continue to manage that effectively.

I guess I wanted to ask about the tools and strategies you've got at your disposal to manage that further, both in terms of preserving net revenue margin and also with OpEx.

Brian Lang
Thanks for the question, Doug. Excellent question.

So we've got four cost levers that we are managing as we move through the year. The first one is around net revenue which you just mentioned, Doug.

So what I would call appraisal net revenue recovery.

So in Q4, you would have seen that our net revenue margin was 23.8%.

In our view, that is based on some product and geography mix changes which we are focused on, and we are focused on returning that net revenue margin to the bottom end of our target operating model of 26% by the end of the year.

So that is a couple of million dollars in incremental revenue that we believe we will be able to bring forward as the year progresses. That's number one.

Number two is on OpEx, we will continue to monitor volume, and we have some but limited room in which to maneuver, but we will follow the market over the next couple of quarters and make decisions on that front. The other is two tech investment buckets.

So we've talked to you over the last 18 months about UAD and this move in modernization for the appraisal space.

We've had to invest the majority of our tech investments towards that to make sure that we are compliant and not only that to make sure that our customers are on the leading edge of that transformation. And so that will slowly start rolling off as we get to 100%.

So by the end of this year, 100% of our transactions should be going through UAD.

We will need to monitor that over the quarter two for us.

But the back half of the year, we should see that investment coming down. And lastly, we've been investing in our network and our differentiator, our core platform. And so we had plans to invest a chunk in that business.

We will, again I think be very thoughtful about our investments.

We believe we do need to continue to advance and take advantage of AI.

But based on how the market performs, we need to be very thoughtful about the quantum of that investment.

So I think those levers, Doug, are the things that we can pull as we go through the year and see how volumes move.

Doug Taylor
That's fantastic color.

I want to just drill down on, I think I guess is the first one you mentioned, some of the geography mix change you alluded to.

Can you talk a little bit more about that and the remedies for that? It would seem like something would be a little outside of your control.

So maybe help us with that one.

Brian Lang
Yes.

So I mean the biggest -- when we talk about geography, the biggest change in this past year, Doug, has been that the proportion of volume that we have managed in the rural areas, so remote parts of the U.S., that has been higher than it's been in the past. And a chunk of that is simply because some of the lenders, especially lenders that have their own captives, they would be doing more of those urban orders simply because of the low volumes.

So in our view, there's an opportunity for us to work with those lenders who have been working with us. They understand the economic impact of dealing with rural orders that are tougher, that are harder for us to drive the same type of margin as the urban business.

And as I say they're working with us on that.

So this would be one or two on the list of priorities right now for the organization is to remedy that disparity between rural and urban through some pricing arrangements with lenders.

Doug Taylor
Okay.

One last one for me.

I mean obviously you guys have done, as I said, a great job managing your own business through what has been a tough environment, at least recently, building share in title clearly, but obviously an appraisal as well.

I guess what I'd ask is maybe your perspective on how the competitive set is to the extent that you could comment on it, managing through the same issues and speaks to what the market might look like for you on the other side of this temporary mortgage volume trough.

Brian Lang
Well to your point, Doug, I don't necessarily want to speak for my competitors, but the way that I would approach it is start with our Title business.

So if I take a look at our Title business this year and see the progress that we've made.

So we've had a Tier one on our platform for a few years.

We ramped them up fairly early to a decent amount of market share.

But this past year, we've been able to take that market share up by 25%.

So what we had, we're now 25% more market share.

If I look at the Tier one that we launched at the end of last year, we went from 0 to double digits in a year. And from the one that we launched midyear Tier 1, we've taken that to double digits.

So those three -- if you're asking me about how my competitors are doing, I'm assuming they're struggling a little bit because we are stealing share from our competitors, right? And we've got big competitors in each of those big Tier 1s.

So I wouldn't be surprised if they're also challenged right now in this market. And I think we've talked with you before Doug, one of the challenges in this market is you know that performance scorecard drive the market share decisions.

So when there's this little volume, the difference in performance is that much tougher to prove with our lenders.

And so the fact that we've moved that market share this year, I think speaks to our progress.

And I assume, unfortunately, it's probably challenging for our competitors. And I would just say then on the appraisal side, this is partially why we've talked about this investment in our platform because the volume is so low, our view is -- and therefore the performance gap, good news, we're number one on scorecards, but -- our view is we need to make some of these investments.

We need to become a little bit more efficient to drive those performance metrics so that we can push more market share through on the appraisal side. Hopefully, that answers it.

Doug Taylor
It does. And congrats again Rodrigo, and best of luck in your next ventures.

Operator
Our next question will be coming from the line of Stephen Machielsen of BMO Capital Markets.

Stephen Machielsen
This is Stephen on for Thanos today. Yes. I just want to get a little more insight into the environment for, I guess signing up new customers and new channels, pipelines in this environment. Like are customers willing to look at a new provider while volumes are so low?

Or is it there more of a batten down the hatches? And are you seeing any competitors potentially exiting the market?

Brian Lang
Yes.

So I mean a very quick look back, Stephen, is, as we mentioned, this has been our best year of onboarding new customers since we went public. And we've been very transparent with you and the market around some of the investments that we decided to make a couple of years ago in upgrading our title sales team.

And so I think we're seeing a chunk of that pay off.

Now I must say we've had the fortune of a couple of what we'll call mini refi boomlets which I think brought the attention to lenders that they need to be thoughtful about the vendors that they have on their platform.

And so I think our team made sure that we pressed in on that.

We made sure RFPs were put on the street. And as we said, I mean in the past 12-plus months, we've now put two more Tier 1s, one at the back end of last year and one this year on the platform.

So I think we've been in a fortunate position where we've been able to bring customers on the platform even in a very tough volume market.

So I think that's sort of I think piece one, Stephen, around onboarding new customers. And I think we've talked a little bit around the performance and the fact that because we've been able to onboard them, we've been able to show progress on performance.

So as we look forward, I would say we are still bullish, especially in title, again because we've fortified our sales team there that we've got RFPs in play where you're going to see more top 100s come on the platform over the next 12 months.

So I still feel like we're in a reasonably good spot to bring new customers and onboard them.

Stephen Machielsen
Okay.

So I guess would it be fair to say that for Tier one RFPs or even Tier two RFPs, they're a little bit slower right now in this environment or just they wouldn't be in the market at all?

Brian Lang
No.

So no, I would say listen, on the Tier 2s and 3s, I think you will see some progress on those fronts, I know because we're in conversations.

So I'm feeling confident about progress on Tier 2s and 3s.

We only -- as you know we only have a couple of Tier 1s left right now to port onto the platform.

We'll continue to pursue them.

But to your point, with volume where it is right now it may be a little tougher to make traction.

I think the big thing for us right now Stephen, is much different than sort of the past few years is the refinance pool now has grown to such a degree that, that is actually now a sales lever that we can pull.

So one in three mortgages now in the U.S. are 6% or above and 25% are 6.5% and above.

So that means you've got 13 million to 17 million mortgages that have very little room to have to move off of where we are now where we could see a fairly significant amount of volume.

Now I realize we may have in the very short term, a little bit of a headwind around rates.

But when we look at it from a broader standpoint, that is a significant pool.

So with those lenders that are focused on the refinance market, that's now becoming a bigger looming challenge for them, opportunity for us.

Stephen Machielsen
Yes. And we're all certainly waiting for the macro to cooperate and that set up.

I guess could you -- like one pocket of strength seems to be home equity loans, at least based on your disclosures.

Can you just refresh us on some of the dynamics you're seeing in the HELOC and home equity loan markets and how those are impacting some of the key numbers like compared to a similar volume

of refi or purchase transactions, how would a higher share of home equity loans cause revenue and margins to react?

Brian Lang
Sure.

I'll just talk about the market, and I'll get Rodrigo to talk to the impact.

So broadly, again if I sort of take everyone back a couple of years ago, we pivoted -- we had the origination business, and we decided we had to pivot into the home equity business.

Now the reason we had to pivot into it was again because volumes were low, but we had resisted for some time getting into the HELOC market simply because the margins were a little bit tougher than they are in the origination market.

So we did make that pivot, Stephen, a couple of years ago.

We do have, as you've probably seen in our numbers, we've now got a third of our business in appraisal is on home equity. And so I think that's actually been now to our benefit, a good diversification.

It has had a little downward pressure on the net revenue margin, but it's provided an opportunity for us in this type of market.

So again if you look at the quarter, you'll see purchase and refi may have been down in Q4, but home equity was up. And so we benefited a bit from that. And frankly, it's now about better coverage with our clients. Frankly, our clients were asking for this a few years ago.

We -- as I say we steered somewhat clear of it simply because of the margin impact, but we've been more thoughtful about that with volume where it's at and then expanded into that business.

So to your point, if there is a small tailwind right now in the business, it is that it looks like home equity is going to be up.

It's definitely been up the last quarter or two.

And so we will continue to do that. And one of our big Tier one customers has now come out and said publicly that they are moving into the home equity space, and they have let us know that, of course we will continue to be an important partner of theirs in that space.

So that will be a smaller tailwind, I think Stephen, over the next little bit. Rodrigo, do you just want to talk about any financial impact?

Rodrigo Pinto
Yes. No. I think you covered it already.

So Stephen, there's an impact in margin, as Brian was saying, maybe it's not as healthy as origination margins.

But it also depends because part of those HELOCs will have a full appraisal and a full title transaction which has similar margins. And you can see on our financials, right?

Maybe it creates a little impact in Appraisal, maybe in title as well but not to point that you'll notice when you look at the consolidated segment results. To Brian's point, more than a third of Appraisal in Q4 related to HELOCs and more than a third in Title related to HELOCs, and we didn't see any loss in margins.

Stephen Machielsen
Okay. Thanks for clarifying that, Rodrigo.

It was just great working with you and best of luck in your future endeavors.

Operator
Our next question will be coming from the line of John Shao of TD Cowen.

John Shao
You mentioned investments for 2027.

Could you help us to quantify those investments and also differentiate between what's compliance related versus those that will generate ROI? And how much flexibility do you have in terms of managing the timeline and maybe the size of the investments?

Brian Lang
Fantastic. Good question, John.

So why don't we start with -- in our plan for this upcoming year, if you took a look at our tech investments, almost half would be UAD and half would be based on our network.

So that's sort of the way we were looking at the year as we started the year. And as I mentioned, the first couple of quarters was where we were going to have to invest in UAD just to make sure it's a continued investment from last year that we landed all our customers because, again you have to -- this is an incredibly intensive piece of work that we've got to onboard -- sort of re-onboard all of our customers onto UAD 3.6.

So our view is we should be through all of that, John, by the end of Q2. That's sort of what's been mandated anyways. And so I think that will then definitely tail off. And so back to your return on that, the return for us is there's probably a good brand return on this simply because we've been the market leader in this.

Our hope is that there is some residual market share benefit on it with some of our customers.

So I can tell you now with some of our customers, we are doing 100% of their UAD transactions. Again because the volume is small, you don't necessarily see that.

But our hope is that when we are finished UAD, we should have a residual benefit on market share with some of our lenders.

So that's on the UAD piece.

On the investing in our network.

So we've been -- I think we've talked to you in the past around proof of concepts.

We've now moved all of that into much more execution of the work that we've been working on.

So we've now got a host of AI now in our production system, helping with the business and therefore driving efficiencies.

I think when you talk about quantifying the ROI, John, one of the toughest things for us is it very much depends on volume.

So the higher the volume, the bigger the ROI.

So in this type of volume that we're in right now as you know our overall OpEx of our business is operating fairly close to what we call our minimum viable model. And so you get, unfortunately, less of the benefit right now. You'll get some of the benefits for sure, but the benefits only increase when the volume increases because it means we can be much more efficient around any type of cost increases we need to do around the OpEx in the business.

So I mean internally, we have targets against everything that we are currently doing for this year. And so we are going to manage to those targets.

As I say a big dependency of that from how the external world will see this will depend on what happens with volume over the year.

John Shao
Got it. And you also -- I think your balance sheet appeared to be stronger than reported.

So I just wanted to revisit your capital allocation part in 2027. And at what point would you consider capital return or buybacks?

Rodrigo Pinto
Yes.

So John, just going back to capital allocation, right? So it's important to remember, and I think we said few quarters ago, the investment of $0.5 million per quarter, it's still in that range, maybe $0.5 million to $0.75 million. That's what we are planning for the year.

It's not a massive investment, but it is at that level.

And that's [I'm saying] cash.

It doesn't mean everything goes to EBITDA because we have accounting capitalization rules that parts will be capitalized. When you go to capital allocation and the cash balance, it's a combination, John.

As we said during the call we'll be monitoring things very closely. There's a concept of cash preservation and investment for the long term of the business, and we'll be agile and make those decisions as we see how the market turns out, right? It's very hard to make estimates now in all the markets.

But the idea is we'll keep monitoring. Right now we know we don't have great news out of the markets there, but that can change very fast as we've seen in the past.

Operator
(Operator Instructions) Our next question will be coming from the line of Robert Young of Canaccord.

Robert Young
I'll just echo really quickly. Rodrigo, great working with you, and thanks for all the help.

First question for me would be on UAD.

I noticed that the deadlines for that have been relaxed. And there's a couple of different deadlines.

There's one in March and one in May. And has that diluted some of your advantage? It doesn't sound like it from your comments, but maybe you just talk about what that might imply positive or negative for your ability to take share through UAD 3.6.

Brian Lang
Yes.

So I think Rob, for us anyways, as I mentioned, I mean it looks like we'll be pretty close to having all of our customers onboarded by the end of the year. And so it will be very close to 100% of the volume flowing through the business will be UAD 3.6 volume.

So to your question, I don't think it changes much for us.

As I mentioned, the benefit for us is some lenders have come to us and either done one of two things.

They've either given us 100% of their UAD volume while their other vendors catch up, make the final tweaks that they need to make to their systems.

So that's one.

And the second one is we've actually had lenders come to us who are not customers and asked us to get going with them on UAD transactions.

So we haven't spent a lot of time on that, Rob, because it hasn't been significant enough that I would deem it material.

But definitely, we have seen some benefit to being on the front of this. And frankly, I think the timelines you just mentioned, I mean March is really the timeline because after that, it's going to be very hard for them to get the GSEs to take on their mortgages if they're not fully UAD compliant.

So hopefully, that answers it, Rob.

I think not a huge impact for us.

I think it's actually been beneficial.

We'll be there by the end of the year, pretty well fully. And I think there's small market share gains for us in it all.

Robert Young
Yes. That's great. Like others noted, HELOC has become a pretty significant chunk of revenue. And I think you said earlier in the call that you saw it as a small tailwind.

I was trying to maybe expand on that.

If the -- if rates fall, rate refi volumes recover, is that at the expense of HELOC?

Or are those independent I'm just -- is this all additive? And is this a competitive advantage for you adding on HELOC? Because it seems in the past, you were not as interested in doing this. And so I'm just trying to get context around that small tailwind comment and what it means when rates start to recover.

Brian Lang
Well so I mean my tailwind comment was specifically, Rob, related to Q4.

So again if you take a look at our numbers, purchase and refi down a bit, home equity up.

So I'm referring to the fact that the home equity up for us was not necessarily a big new customer or market share. A good chunk of that was from market conditions.

So I don't want to predict the market going forward.

But I think one interesting graph to look at, Rob, is the graph right now of the 30-year rate versus the average home equity rate in the market. And the last couple of years, there's been a gap between that, i.e., the home equity rate has been quite a bit higher than the 30-year rate.

This is the first time in quite some time we've actually seen those rates come a little bit closer together.

So with HELOCs, they actually can convert into refi when rates go down, John (sic) [Rob].

So that's part of the potential upside to the HELOC business. And so for us, anyways, it's -- I think we've come to a point where the volume in the market, Rob, we've had to be a little bit more flexible on the types of volume that we're willing to take on. And so HELOC, the whole reason we got into HELOC, Rob, two years ago was, frankly, a cross-sell strategy.

That's why we started in HELOC.

We said, let's get into HELOC. Yes. We'll service those customers of ours that we need to.

But more importantly, let's go hunt new customers, sell them HELOC and then turn them to origination.

So I think that's what we will continue to do in this type of market is be flexible. And as we go after origination volume, we will also go after HELOC volume with the long-term view of bringing on HELOC customers onto our refi/origination purchase platform.

Robert Young
Maybe last question would be around the share gains in Appraisal in 2026 has been very strong as you noted. How much of that is shifting stands at the bottom of the large lender population?

And how much of that is large lenders that you wanted to win long term? And then if we look into 2027, are there still large lenders that you want to win that are still out there to win? I'm just curious how much you can repeat in 2027 in a tougher market, the success in share gain and Appraisal that you had in 2026.

Brian Lang
Well I think that comes back to the investment, Rob which is why we're so determined even in a challenging market to continue to invest in the platform.

So I think -- if we just do a quick reflect back, Rob, back in 2020, we came out very publicly and said we wanted to get our Tier 1s on the appraisal side from the teens up to 30% of the front of the train.

We wanted to get them up into the 20s and 30s and have 50% at the front of the train.

So we have delivered on that.

So our view is we need to continue to drive the performance differentiation against our competitors.

I think we can do that.

I think it now does require some investment in the platform, again because volume is low, and we need to then push differentiation between first and second through some efficiencies through sort of the turnaround time and quality control. And so that's why we are determined to continue to invest and see some of the results from that, Rob.

So I think that should help continue that market share momentum that we've built over the last five years.

Robert Young
Okay.

If I could squeeze just a little one. You noted the minimum viable model on the network.

I imagine that's the driver be net revenue margins.

Is this -- would this be a good bottom to look at for net revenue margins?

Is this -- would this be a trough? I'll pass it.

Brian Lang
Yes. This is a trough, Rob.

So I think you might see something somewhat similar in Q1.

We hope you'll see it tracking back up.

But for the remainder of the year, our goal is to track back up towards the bottom end of the target operating model, so up in the 25% -- back to 25% to 26%.

Operator
Our next question is coming from the line of Gavin Fairweather of ATB Cormark.

Gavin Fairweather
Maybe just on AI and your product investments.

Can you just comment on what impact that's had on kind of spare capacity within your business for higher volumes without adding more cost and whether we could see an uptick of volumes coming without necessarily higher costs associated with that?

Brian Lang
Yes.

So I think it's the last point that you touched on, Gavin.

I think that's really what we are preparing for.

So when we model out our future OpEx spend as volume goes up, we're doing it with a lot less resources than we've done in the past.

So that's really, as I say we've got now a fair bit of AI into production.

So we're actually seeing some of that benefit.

I think I may have mentioned at some point, like there are some roles that we now have moved to be completely digital.

So in some of our closing documentations in the Title business, good news. A lot of it was fee mapping side by side.

We used to have a couple of individuals doing that.

That now has been turned over to a digital solution.

So we'll see a little bit of that Gavin here and there in the volume that we've got now.

But where you'll really see the advantage is as volume goes up, I think our ability to be able to manage our OpEx in a much more stringent way than we have in the past with much less resource requirements is where you'll really see the big impact.

Gavin Fairweather
Great to hear. And then within the Appraisal business, we've talked about rural mix and you talked about some pricing discussions with your lenders.

I'm curious what stage those discussions are at and what feedback you're getting from your lenders as they start to discuss perhaps a more appropriate price for rural orders.

Brian Lang
So I'm thinking about how best to frame my lender state of mind because I don't necessarily want to comment too much on that.

But I would say that they are very understanding, Gavin, on the changes in the market dynamics and therefore the requirement, especially because all of this, Gavin, you got to put is in the context of UAD 3.6 on top of everything going on.

So you've got a bit of a challenge where there's some -- like a couple of our big customers who have a captive where they are focused on the more urban, easier, what we call cookie-cutter type appraisals, and therefore us doing a chunk more remote, while you're trying to train up appraisers into the new UAD 3.6 form.

So I would say there is a good chunk of empathy. They're still customers. They're still lenders. They're still out to make a buck.

So it's not easy conversations, but I would say there's a decent amount of empathy there and understanding.

So I mean as I told you, our goal is to get the net revenue margin moving in the right direction this quarter, so to start it this quarter, and then hopefully, we will see the ramp in Q2 and onwards.

Gavin Fairweather
Great. And then just lastly for me, I thought it was impressive that title originations ticked higher despite kind of some of the headwinds in the market here in Q4.

I'm curious are you looking to Q1 or Q2, it does feel like there might be a bit stronger headwinds given the delay that you see in that business between kind of higher rates and lower volumes in your business.

With the share gains that you've had and new logos that have come in, do you think that you can kind of hold the line or continue eking out growth here in the coming quarters? Or how would you frame that?

Brian Lang
Well I mean number one, because we're ending the year, Gavin, with more market share with all three of our Tier 1s than we started the year, good news, we should get a little bit of a bump there. Again depending on what happens with the market volumes, but we should definitely continue to well outpace market volumes.

We've also brought on new customers throughout the year.

So you're now going to see those customers with a full year and layer on the new customers that we think we're going to bring on the platform Q2, Q3 -- you put all that together, Gavin, and we should continue to see a definite outperformance.

I mean your comment -- I appreciate your comment on last quarter.

I mean refinance was down quite significantly, and our business was up 70%.

So like it was, in our opinion, anyway a very good quarter versus market.

I assume you're going to see that throughout '27, maybe not quite to the level that we saw that quarter, but we should continue to see the outperformance.

Rodrigo Pinto
Yes. Gavin, just to add to this, right, on a year-over-year basis, yes, you're going to see better than the market results by quite a bit because we have better market share and higher market share.

On a sequential basis, again it will be more challenging just because of the market conditions we are seeing.

Operator
And there are no more questions in the queue. This does conclude today's programming. Thank you so much for joining.

You may now disconnect.