

CORPORATE PARTICIPANTS

Lyne Beauregard, *Vice President, Investor Relations and Marketing*

Jason Smith, *Executive Chairman*

Brian Lang, *Chief Executive Officer*

Steve Lockington, *Executive Vice President*

Loren Cooke, *Executive Vice President*

Andrew Bough, *Executive Vice President*

Kim Montgomery, *Executive Vice President*

Bill Herman, *Chief Financial Officer*

PRESENTATION

Lyne Beauregard:

Good morning, and welcome to Real Matters virtual Investor Day. My name is Lyne Beauregard and I'm Vice President of Investor Relations and Marketing at Real Matters. Thank you for joining us today. We have a great event planned for you. Due to the virtual nature of our event, today's format will be a little bit different than our last Investor Day. Over the course of the next hour and a half, you'll be seen presentations by members of our senior executive team as we lay out our strategy and performance objectives for the next five years.

While the slides will be displayed on screen, you can also download the deck from the Investor Relations section of our website at realmatters.com. After the presentations, you should expect a brief pause as we switch over to the live Q&A.

Joining us for the question period are Executive Chairman, Jason Smith, Chief Executive Officer Brian Lang; Chief Financial Officer, Bill Herman; and Executive Vice President, Loren Cooke. To participate in the Q&A please type, your question in the box on the webcast page. Please note that questions can be submitted at any time during the event, but we'll wait until the live Q&A to answer them. While we'll make every effort to respond all of your questions, out of respect for everyone's time, we will be limiting the Q&A session to 30 minutes. If you don't get to your question on the live webcast, I'll be happy to follow up with you after the event.

So before we get started. A reminder that today's presentation contains certain forward-looking information. The forward-looking information in this presentation include statements, which reflect management's expectations with respect to our business and the industry in which we operate. However, there are a number of risks and other factors that could cause results to differ materially from our expectations. Please see the slide entitled the cautionary note regarding forward-looking information in the accompanying slide presentation for more details. You can also find additional information about these risks and uncertainties in our MD&A for fiscal 2020 which is posted in the Investor Relations section of our website and filed on SEDAR. Today's presentation also refers to non-GAAP measures which do not have a standardized meaning by IFRS. Non-GAAP measures are described in our MD&A, where you will also find reconciliations to the nearest IFRS measures.

With that, I'll turn the meeting over to Jason Smith

Jason Smith:

Good morning, everyone, and thank you for taking the time to join us today. It's been two years since we last hosted an Investor Day, our goal with these events is to improve our communication by providing more transparency into our business and simplifying our story for the investment community. And so if there's one thing that I hope you take away from today, is a deeper understanding of our market position and our game plan for tackling the significant opportunities ahead for Real Matters.

Today, I'll be looking back at our journey, taking stock of our achievements to date and sharing our vision and commitment to creating shareholder value over the long term. You will then hear from Brian and the team on our strategy, which will chart the course for Real Matters over the next five years. Our objective for today is threefold. First to share our updated organic growth targets. Second, to give you additional insights into what will drive market share growth and scale in our core businesses and third to lay the foundation for the next leg of growth for Real Matters.

Our business has multiple growth opportunities, starting with a significant runway ahead of us in our mortgage service businesses. We are only partway through our journey in U.S. Appraisal, and we remain confident in our ability to keep growing market share. In U.S. Title, we have already seen exponential growth since our last Investor Day, but we believe the best is yet to come as we onboard larger clients. We are at an inflection point, which has been several years in the making. With U.S. Mortgage market tailwinds at our back, we have a unique multi-year opportunity to accelerate our market share in both U.S. Appraisal and in U.S. Title. Our business has never been better poised for growth.

Our past results have demonstrated that the secret sauce to our business is scale, as we continue to gain share, scale will drive incremental margins and in turn, higher free cash flow. As we set our sights on the next five years beyond growth in our core mortgage businesses, our data monetization strategy represents a new opportunity for Real Matters to expand and diversify our long-term growth profile. It's something that has been part of our vision since we first started the Company more than a decade ago, and I'm very excited that we'll be sharing our strategy with you today to support this new growth vector.

On Friday, we reported our fourth quarter financial results, capping off the year with another strong quarter. Our fiscal 2020 consolidated revenues increased over 41% year-over-year to \$455.9 million. Consolidated net revenue was up nearly 59% and consolidated adjusted EBITDA more than doubled to \$72.2 million, while consolidated adjusted EBITDA margins increased to 44.6% from 28.4% in fiscal 2019. Our strong financial performance in fiscal 2020 was underpinned by origination only market adjusted growth of 17.5% in U.S. Appraisal and refinance only market adjusted growth of 59.2% in U.S. Title.

Looking back at the objectives we set when we went public in 2017, we achieved three of those four targets in fiscal 2020, one year ahead of our committed timeline. Market share remains the most important metric and growth driver of our business. It's how we measure our success internally, it's how our clients reward us for a job well done, and ultimately what will drive our financial performance outside of how the U.S. mortgage market performance. We exited fiscal 2020 with 11.7% market share in U.S. Appraisal and 2.4% market share in U.S. Title, landing squarely in our fiscal '21 target range for Title.

Looking at our financial KPIs, we had committed to achieving consolidated net revenue margins of 35% to 40% and adjusted EBITDA margins of 25% to 30% by fiscal 2021. We reported consolidated net revenue margins of 35.6% in fiscal 2020, hitting the low end of the range and consolidated adjusted EBITDA margins of 44.6%, well above our guidance range for fiscal 2021.

Strong market share growth coupled with favorable U.S. mortgage market tailwinds in fiscal 2020, most notably for refinance mortgage originations provided the volume we needed to achieve our targets. Our results to date

demonstrate how our model scales to drive incremental margins. As I've said in the past, the targets we laid out at our IPO and at our last Investor Day are not a terminal view of our business. Later on, you'll be hearing from Brian and Bill on how we performed on a segment basis and how we are raising the bar as we look forward to fiscal '2025.

Our commitment to shareholders remains the same, create long-term value, attract and retain strategic clients, consistently outperform competitors and grow market share. These principles are the foundation by which we've established an industry-leading position and that continue to shepherd how we manage the business, measure our success and ultimately create long-term value for our shareholders. We know that our business will be subject to secular trends and seasonality, but we don't get distracted by things we can't control. Instead, we focus on the things we can control, in order to consistently outperform our competitors, grow market share with our clients and attract and retain strategic clients, and sometimes that means saying no to certain opportunities, so that we can say yes to the right ones. We believe that the true value of our business will be realized by building a business that can weather the peaks and valleys and thrive over the long term.

There is no better evidence of how these principles have guided our journey and stake --the stock of what we've accomplished to date. Since we founded the Company in 2004, we have seen our way through multiple peaks and troughs in the mortgage market, however, these peaks and troughs have not defined our success. We first launched our U.S. Appraisal business in the middle of the mortgage crisis in 2008. We saw this as an opportunity to drive a wedge between the incumbents and their clients by doing things differently and also a lot better. We saw an opportunity through network management to create a long-term competitive differentiator. We started with small regional banks and over time stitched together a broader network which along with our technology allowed us to create a competitive marketplace with a significant performance advantage over our competitors, as the network grew so did our client base in both size and scale. From the get-go, we had our eyes on the prize as we mapped out how we could gain referenceability and ultimately get the largest market segments. We had to develop our product technology roadmap to cross the chasms in the mortgage services business over many years. This focus helped us to land the largest lenders in the United States as clients, which together represent an estimated 25% to 30% of the U.S. mortgage market spend.

The choices we made early on in our journey have proven to be the underpinnings of our long-term success. It took more than five years to launch our first Tier 1 lender in Appraisal. But once we were live with them, we had signed MSAs with all six of the Tier 1s within 18 months. And we've been consistently growing share with the largest lenders in the U.S., ever since. In 2016, we entered the U.S. Title market through acquisition with the goal of leveraging our core network management platform as a competitive differentiator in that segment. And offering title services to our existing appraisal clients. Just like in appraisal, we had to do the hard work of adapting the platform to suit the needs of larger lenders. We also shifted our client base to focus on larger franchise-type clients whose businesses are more closely aligned with Real Matters' performance-based model.

As many of you know, our strategic planning process is a critical part of how we think, operate and drive alignment as an organization. Every year, we go through a three to five-year strategic plan review with the management team and the Board. We focus on where we want to be long-term and we drive our decision-making process to align to that vision. We don't make short-term decisions. For us, it's chess, not checkers.

Leveraging property insights to add value and drive better decisions has been at the heart of our vision since we founded the Company, we've always prefer to data as the third leg of the stool for Real Matters. With our U.S. Appraisal business well established, our U.S. Title business starting to gain momentum, and both benefiting from a multi-year market tailwind that should accelerate revenue, profitability and market share, now is the time to set our sights on the data opportunity for Real Matters. With Brian at the helm, I'm confident that we now have the leadership in place to continue to drive our mortgage businesses forward and extend our data capabilities to create a new area of growth that will drive our Company forward for many, many years to come. Brian, over to you.

Brian Lang:

Thank you, Jason. Since I joined the Real Matters team 18 months ago, I've been impressed by the depth and experience of our management team and the organization as a whole. Seeing how the team rallied around the

challenges we faced over the last eight months in particular, it gives me great confidence that we have an exceptional team. Their focus, resilience and commitment to our long-term strategy has never been stronger. This is an exciting time for our Company. We have an established blue-chip client base and market leadership position from which to build, including several avenues for growth in our existing businesses and a new strategic focus that will propel the Company forward into new markets.

Today, I will walk you through our five-year strategic road map, share our updated targets and discuss the market trends that we believe will act as a catalyst for growth. I'll also be presenting an overview of our addressable markets before handing it off to the team, who will provide more color on our plans for executing on our strategy.

Later on, I'll be introducing our new data strategy and outlining our plan for tackling this new growth opportunity for Real Matters. There are three principal drivers of our strategy over the next five years. First is continuing to build our leadership position in U.S. Appraisal, today, Real Matters conducts more than 2000 mortgage appraisals per day in the U.S. and we expect that number to increase significantly over the next five years.

We have master service agreements with the largest mortgage lenders in the U.S. and we believe that we are the largest independent provider of residential real estate appraisals in the United States. This is a position that we have earned over a number of years by focusing on performance and first-time quality and while U.S. Appraisal is the most mature of our businesses, we have opportunities to deepen client relationships and new channels as we leverage our performance track record to drive further market share increases and launch new top 100 lenders.

Second, our strategy is to land client relationships with existing appraisal clients as well as new clients and in turn, increase market share in U.S. Title. Over the last several years, we have successfully expanded our U.S. Title client base in the refinance channel by adding larger lenders, however, we have only just begun to tap the potential that exists in this segment. Over the next five years, we plan to grow our share of refinance transactions and we can see our way to expanding our reach into the purchase channel. By continuing to leverage our existing U.S. Appraisal client relationships as the foundation the cross-sell title services and demonstrating the strength of our network management capabilities, we can drive more customers to our platform and drive share gains through better performance.

With strong mortgage market tailwinds at our backs, we should have a multi-year opportunity to accelerate our growth in this segment. The third pillar of our strategy is to diversify our business by establishing a beachhead in the property data monetization market. As Jason outlined earlier, this part of our strategy has long since been part of our vision as a Company. We have unique data assets that can add significant value to a very large market. And we are well-positioned to deploy capital for growth in this space. As we execute on these three pillars of our strategy over the next five years, we plan to continue to scale the business expand our margins and broaden our addressable markets.

Now let's take a look at some of the secular market trends that will influence our results over the next five years outside of our ability to drive market share. The U.S. mortgage market is one of the largest asset classes in the world, and while there is no shortage of economic data that drives the estimates published by industry pundits today, based on our experience, there are three things that we know to be fundamentally true about this market. One, the purchase market has historically followed GDP growth; two, the refinance market is driven in large part by the 10-year treasury rate; and 3, the forecasters will usually get it wrong.

Going back to what Jason said earlier, we don't get distracted by things we can't control. Instead, we focus on consistently outperforming our competitors, growing market share with our clients and attracting and retaining strategic clients. And as Jason noted, this sometimes means saying no to certain opportunities, so that we can say yes to the right ones. We remain focused on lenders that prioritize performance and operational efficiencies, whose businesses are more closely aligned with Real Matters performance-based model.

Over the last eight months, U.S. mortgage interest rates have been on a downward trajectory, testing never before seen lows. It is estimated that sub 3% rates results in 18.5 million to 20 million homeowners who could reduce the

interest rate on their mortgage by at least 75 basis points. At 2.8%, today's mortgage interest rates provide a significant refinance incentive, despite the millions of homeowners who already refinanced this year. The average savings for these homeowners is \$304 per month for an aggregate monthly savings of over \$5.6 billion, if all these homeowners were to take advantage of today's record-low rates.

Once industry underwriting capacity grows even if U.S. 10-year treasury rates increase to 1% to 1.2% and spreads normalize, we believe this low rate environment has created a two to three-year refinance growth cycle for the industry. This has opened a unique set of opportunities for lenders and for service providers that have the ability to scale. As Loren will discuss in more detail, this is creating short-term capacity challenges for lenders. At the same time, it is accelerating our conversations with them and drawing attention to our model. Against that backdrop, let me now give you some perspective on how we define our addressable markets.

Given the cyclical nature of the mortgage market, we believe that we have taken a conservative view of lender spend when determining our addressable markets for U.S. Appraisal and U.S. Title. In the U.S. Appraisal business, we have adjusted our TAM to exclude the home equity in default channels. As you know, the market for home equity loans has contracted substantially and default transactions are at an all-time lows. In our view, this creates distortions of the addressable market. And so we brought it back to basics, our \$4 billion U.S. Appraisal TAM is based on annual lender spend for origination activity, that is purchase and refinance transactions only, on a normalized basis over the next five years.

On the Title side of the business, our near term addressable market is based on refinance only, as our views clearly indicate, we do expect to see a wave of volume over the next two to three years, however, \$2 billion is the level of lender spend we would expect in a normalized market. We continue to believe that lender capacity remains the biggest constraint to growth in the market today. As you can see from the ranges of our estimates, the industry's capacity to absorb volume will be a large determinant of how steep this curve will become.

So let's get into our objectives and how this will translate into our financial results. Our model allows us to operate with a dramatically lower cost structure than our competitors. Let me give you an example of how this breaks down today and what we believe we can achieve as we grow volume on the platform.

To illustrate, let's take a \$540 appraisal, which is what lenders would pay us on average for transaction and what we record as gross revenues. We start by engaging a high performing appraiser and pay them more than our competitors. However, our cost to move that appraisal through our platform and cover other fixed and variable cost is approximately \$50, leaving us with adjusted EBITDA of \$76. As we scale with more volume on the platform, we get a network effect with appraisers, whereby their fees come down because they care more about what they earn in a week than they do on the individual transaction.

As a result of having more appraisers on the platform that are performing with first-time quality, it cost us less to move that appraisal through the platform. In fiscal 2020, we reported U.S. Appraisal net revenue margins of 23% and adjusted EBITDA margins of 59.3%. Looking out over the next five years, we are resetting our objectives and raising the bar on what we are targeting to deliver as we continue to grow in scale.

Given the differences in market drivers for purchase and refinance origination volumes, we are bifurcating our market share objectives in U.S. Appraisal to provide separate purchase and refinance market share targets. With this additional level of disclosure, we believe this will enhance investors' ability to apply the appropriate distinct market factors that drive growth for purchase versus refinance transactions, and also provide a clear benchmark of our performance with comparable existing market information. For fiscal 2025, we are targeting purchase market share of 7% to 9%. Refinance market share of 17% to 19%, net revenue margins of 26% to 28%, and adjusted EBITDA margins of 65% to 70%.

Turning to the U.S. Title segment, we have an illustration of how our platform scales in this side of the business. Similar to what you saw in Appraisal, the unit economics on Title improves as we layer on more volume with some key differences. First, the fee we earn for title origination work is higher at approximately \$925 per transaction. The

work we perform involves more steps, namely, search, curative, closing, escrow and recording, two of which can leverage our platform. And so our net revenue after transaction cost is about \$584 today, leaving us with adjusted EBITDA of \$288.

Looking ahead, we see some modest improvement in transaction costs as we network manage portions of the process, which would yield net revenue in the \$601 range, where you really see the scale coming through is on cost to serve, which comes down, leaving us with adjusted EBITDA of \$331 per transaction or \$43 more than in today's environment. Once again, the key to getting to scale will be more volume. In fiscal 2020, our U.S. Title volumes increased 148%, and we reported U.S. Title net revenue margins of 63.1% and adjusted EBITDA margins of 49.3%.

Looking ahead, our market share objectives are based on the refinance origination market only to more closely align with the markets we serve today. We ended fiscal 2020 with a U.S. Title refinance origination market share of 2.1% and we are targeting to get to 6% to 8% share by fiscal 2025. We are targeting net revenue margins of 60% to 65%, and we are increasing our adjusted EBITDA target range to 50% to 55% by fiscal 2025.

As a growth Company we always focus on building value over the long-term. As you can see from our addressable markets we have significant runway for growth. Over the next two to three years, we expect that record-low interest rates will trigger a wave of growth in the U.S. mortgage market, primarily driven by refinance volumes, which will cause our near-term addressable market in U.S. Appraisal, in U.S. Title refinance to surge to \$9 billion to \$15 billion before settling back to more normalized levels. Beyond capturing the volumes and client opportunities that will result from this market surge, we plan to turn our attention to the title purchase market, as well as property data monetization.

Our property data strategy is expected to expand our total addressable market by \$70 billion, broaden the scope of the markets we serve and diversify our business mix over the long term.

In a few minutes, you'll be hearing from Steve Lockington, our Executive Vice President of Program. Steve will discuss network optimization, how we're able to get better at what we do through technology enhancements and performance management within our network. The capabilities, we have honed over the last decade have served us well in driving better performance for our clients.

Let me give you a few examples. Field professional performance metrics are the lifeblood of our business, and data analytics are at the core of what we do every day. Every order that flows through our platform is broken down in the individual components and milestones, in every message, every document upload, and every action taken or not taken by a field professional is captured in real-time and turned into a performance metric, that is tracked down to the hyperlocal level. We also use predictive analytics to determine the likelihood of an appraiser making an error in addressing a key risk indicator we've identified in their appraisal report. When appraiser performance meets our expectations on a consistent basis, the system will eliminate the need for human intervention in quality control. Every day, we extract the data from every uploaded appraisal and run over 1,000 rules against it based on regulatory compliance, complexity of the property, third-party data, key risk indicators, and much more. These rules generate risks and warnings that are prompted to the appraiser to help ensure we get a clean version of the report off to our client without the need to intervene.

The rules dynamically generate a scope of review and they determine the routing of the order to the appropriate level of review. Today, we leverage property data to drive better performance for mortgage lenders.

As we look ahead, we will be building on our data capabilities and leveraging property insights to add value in a new segment.

Overall, I believe that our five-year strategy provides a solid foundation for significant growth and margin enhancement in our core businesses, as well as the build-out of a new pillar of growth.

With that, I will hand it over to Steve to walk you through our approach to network management and our product roadmap over the next five years.

Steve Lockington:

Thank you, Brian. Today, I'm going to walk you through our unique approach to network management, give you some insight into our five-year roadmap and provide some color on where we'll be focusing on our investment in product development going forward.

As you heard from Jason and Brian, network management is our core competency. It has been our key competitive differentiator and the cornerstone of our success for more than a decade now. Our network management capabilities were built around first-time quality and compliance. And we leaned into what was important to our clients and build networks of independent field professionals to raise the bar in this industry. We set out to unlock marketplace dynamics by putting more money in the pockets of the right field professional, making them accountable to our clients, driving first-time quality and recognizing their independence and professional standards. Our traditional competitors focused on selecting low-cost field professionals and hiring floors and floors of minimum-wage staff to chase down updates and clean up errors. Or on the other end of the spectrum, some focused on eliminating field professionals altogether. But we developed local marketplaces to put accountability back in the hands of our partners in the field to drive better results.

We reward independent field professionals with more business based on their ability to deliver better quality. By building loyalty with field professionals, we are able to drive better performance, and more importantly, this has translated into significant market share increases from highly regulated banks. Our singular focus on innovating around our core competency, network management has resulted in a platform that rivals best-in-class network platforms anywhere. In fact, the strength and loyalty of the field professionals on our network has created a deep moat around our business.

So let's talk about our model. What is it and how does it work? Network management encompasses four key building blocks. First, geographic regions, shaped around fueled professionals and a deep understanding of the areas where they live, work and compete for volume. Second, performance metrics. To help us identify top performers, so that we can send them more work than their lower-performing peers. Third transparency, to the network of their volume and performance relative to their peers, which generates the fourth key element of our model, which is competition and once we've generated competition, we can use it. to steer the network towards optimal performance and profitability targets at the local level. Competition enables us to ask more of our field professionals, creating an opportunity to push more of the work our employees do today out into our networks. So as we look out 2025, it's no surprise that you'll see us continuing to invest in the evolution of these building blocks to keep driving better performance and scale. When we applied product enhancements across different segments, we like to think about Title and Appraisal as being on the same journey, just at different stages of maturity on that journey. And in doing so, we can drive one consistent product roadmap across the organization. Consistency in our product enhancements and operating principles strategically positions us to leverage the learnings and synergies between our network programs over the next five years. And we're already seeing the benefits of this cross-pollination as we leverage our appraiser network program to enhance our notary network program. And in the coming years, we'll continue to benefit from it as we invest in the evolution of our abstractor and our attorney network programs.

We've got a really exciting five-year roadmap ahead of us. Over the next two years, our focus will be on supporting the organization as we manage and grow through the significant wave of refinance volume. In the U.S. Appraisal business, that means, putting more emphasis on efficiency and scale. In U.S. Title, our focus will be on supporting the deployment of Tier 1 lenders and implementing some of the advanced technology and operating principles that have been proven in the appraisal business. Additionally, across all our network programs, we will be investing in a more digital engagement connecting with our field professionals through their desktop and their mobile devices. This means that the platform will increasingly interact with field professionals during their day-to-day activities and based on how they perform at a transactional level. In each interaction, the platform will help fuel professionals to understand the actions they need to take to improve performance and be eligible for more volume. And we believe

we have opportunities to leverage technology, to automate some of these interactions to further drive efficiency and to engage with our field professionals reinforcing competition on a greater scale than we're able to do today.

So let me give you a couple of examples of what I mean. Let's start with on-boarding. As a new field professional, joining the Real Matters network, the system will welcome me and start me on a journey, giving the visibility into my status and higher statuses I can achieve and motivating me toward the benefits of achieving extraordinary, which is our highest status reserve for the absolute top performers within our networks. Upon graduating from the onboarding program, field professionals will be prompted to set a goal of how much volume they would like to receive, which the platform will use to prompt specific actions that they can take to improve performance and move towards their goal. So for example, I'm in notary, I'm out in the field and my mobile device starts to vibrate, there is that little ping. And as I look at my phone, it's Real Matters letting me know, I've got an hour left to confirm a signing appointment that scheduled for tomorrow. And that providing updates and meeting order milestones is one of the top three ways the system has identified for me that I can use to continue progressing my performance towards my volume goal.

And that's just the start. By 2023, these digital platform engagements focused on volume goals and the performance required to achieve them will take place with all our field professionals across all our networks every day as part of every order in the palm of their hand on their mobile device. And great performance from our networks will drive higher rankings on lender scorecards and market share gains with our clients as well as fewer touchpoints, which in turn drives scale and profitability, creating a virtuous circle of benefits.

As we look further out from 2023 to 2025, our product roadmap expands its focus to include new growth drivers, like our Title purchase and our data strategies, as Brian mentioned earlier, we'll be leveraging some of our existing capabilities and learnings and applying them to these new opportunities.

On title purchase, we'll be making enhancements across our operations and our networks to enable us to execute on the higher service level expectations that come with purchase transactions and Loren will be providing more color on this during his presentation.

On data, we will be working to ensure that the data our networks collect on a daily basis is readily accessible for monetization and we'll continue to invest in the evolution of our network management program to improve performance and drive market share growth and implement efficiencies that lead to increased scale and profitability. And we'll do this by automating lower-risk tasks, leveraging our data to drive faster insights and predictive analytics around network performance and pursuing opportunities to push more of what we do internally out into the network.

So to recap, our program roadmap over the next two years is focused on driving performance aligned to our market share growth objectives, and improving scale and efficiency to support the oncoming wave of volume driven by market share gains and favorable market conditions.

On the other side of this wave, we will be focused on supporting our new growth drivers, data and purchase title, along with ongoing enhancements to performance and scale within the appraisal and title segments. And from a product perspective, I'm really excited about the work we'll be doing over the next five years. We have significant opportunities to innovate around our core competency network management and to build on our existing capabilities to support our new long-term growth strategies.

And with that, I'll turn it over to Loren Cooke

Loren Cooke:

Thank you, Steve. Good morning, everyone. I'm Loren Cooke, I lead the team responsible for our revenue growth here at Real Matters. As you heard earlier today, this is an unprecedented time for our business and our industry. We expect that historically low interest rates will catapult U.S. mortgage origination volumes to their highest levels in more than two decades. And lenders are facing capacity constraints in mortgage application processing, the likes

of which many have never experienced in this industry before. Today, I'm going to discuss our principal objective, which is to grow market share and the strategies we will leverage to continue to build our leadership position in U.S. Appraisal, and how we plan to continue to land new clients and expand share in U.S. Title. I'll also be discussing how this environment will create additional opportunities for Real Matters or grow its market share. And why we believe, it will accelerate our U.S. Title strategy. But before I get started, I want to reiterate what you just heard from Jason, Brian and Steve, which is that fundamentally, it is our performance that will pave the way to expand our share with lenders, winning new business and ultimately what will allow us to win in title in the long run.

What we're seeing in today's market is in fact an incredible tailwind, however, our performance remains at the core of how we position ourselves with clients and how we will continue to win. As Brian outlined earlier, our focus over the next five years is to continue winning market share in the origination segment, that is purchase and refinance, given year represents the bulk of lenders spend for appraisals in the U.S. We will also continue to focus on the top 100 lenders as we believe that they contribute more than 80% of the overall \$4 billion appraisal lender spend on origination volumes.

While we continue to service the home equity and default channels, these channels have contracted considerably over the last few years as lender strategies shifted away from home equity lending towards the growing purchase and refinance channels, and loan performance had been at an all-time highs prior to COVID, of course, now with the U.S. government forbearance programs in place, most foreclosure activity has been halted. As a result, we do not expect the default market to grow considerably in the near term.

We are very proud to currently serve the majority of the top 100 lenders in America, including all six of the Tier 1 lenders. For clarity, we define Tier 1 lenders as the five largest banks by asset size and the largest non-bank mortgage lender in America, who is also the largest mortgage originator in the nation. And as I'll discuss in a few moments, we anticipate growing the number of top 100 lenders we serve over time. Over the long run, we believe Tier 1 lenders will continue to be rewarded with market share growth in the industry, due to their investments in origination and servicing technology platforms. Tier 1 lenders also have the largest customer basis, the most embedded customer relationships, the largest national footprints and the strongest balance sheets to invest for long-term growth.

Winning points of market share from one of these lenders is disproportionately significant. Taking a look at how we see the market unfolding over the next five years, we've broken out our views for purchase and refinance for you. On the market side of things, there are two clear takeaways. First, we believe the purchase market will continue to grow, supported by historically low-interest rates, strong demographic trends and market demand.

Second, the record low environment over the next two to three years will create a surge of demand for refinance. The addressable units outlined here are net of volumes are not addressable accounting for the impact of GST appraisal waivers and Veterans Affairs mortgages. Regardless of how the market performs, which is absolutely outside of our control, our primary focus remains our market share growth. Our approach is the same approach we've always articulated to you, delivered better performance in our competition, continue to be number one on lender scorecards, eliminate lender pain points and do it consistently.

With our Tier 1 lenders, we will continue to drive toward our goal of capturing more than 30% market share within the origination channel. We have already surpassed that goal with two of our Tier 1 clients and we are on the right path to capture over 50% market share with several Tier 1 lenders by the end of fiscal 2025.

Looking at our overall market share objectives, over the next five years, we intend to grow our U.S. Appraisal purchase market share to 7% to 9% from 5% where we are today, and our U.S. Appraisal refinance market share is targeted to nearly double to 17% to 19% in fiscal 2025 from 9% today.

As our targets clearly illustrate, even though, our U.S. Appraisal business is more mature, we still have a significant amount of runway to continue to build our leadership position. So let me go a bit deeper on how we convert our proven ability to scale and consistently drive top performance into market share growth. Where we have an established relationship, it begins with the champion challenger model. Every Tier 1 lender and the majority of the

top larger 100 clients release monthly or quarterly performance rankings generally down to the accounting-specific performance. They are very Transparent. Vendors that consistently ranked at the top of the scorecards generally get additional market share allocations and opportunities at the expense of the lower scoring vendors.

We use these scorecards as well as our own network performance data at our monthly and quarterly business reviews with lenders to drive market share discussions, including channel expansion into other areas like Private Banking, Wealth Management, et cetera. Our ability to consistently demonstrate both scale and performance can also drive unexpected markets or opportunities, which is particularly important in today's low rate environment.

Let me give you a recent example, a Tier 1 client contacted us over the summer because one of their other vendors did not have the capacity or scale to handle increasing volume, and one of the lenders most important geographic footprints. The performance of the other vendor was falling short other lender's expectations and creating significant delays and headaches with the lender. We were asked to step in and take on additional volume in that area with no notice.

As a result of our proven ability to scale and perform consistently, we were able to quickly accept the volume and the orders were absorbed by our network over a two-day period. Today's unique low rate environment has caused lenders to experience scalability and performance challenges when ordering an appraisal, which is also creating new avenues of growth for us. We have the opportunity to grow market share by expanding our portfolio of top 100 lenders. We are already seeing an accelerated sales cycle with potential new clients, who are experiencing these challenges, and we expect to see a significant increase in the number of lenders facing these challenges over the next several years, even further extending our market share gain and leadership position opportunities.

Now taking a look at the market per U.S. Title, as Brian discussed earlier, we have paid annual U.S. lender spend in the refinance market at \$2 billion in a normalized market, despite our expectation of the low-interest-rate environment will cause the market to surge over the next two to three years. The vast majority of the activity in this segment is centralized and the choice of Title agent is made by the lenders which affords us the ability to leverage our relationships with those lenders who control this big centralized portion of the spend. By contrast, and a purchase transaction is typically the realtor, who recommends a title vendor, not the lender. While these dynamics are starting to shift, the purchase market represents a longer-term opportunity for us beyond fiscal 2022 that I'll address later in my remarks.

Given these structural differences, our primary focus in the near term will continue to establish ourselves with lenders in the refinance channel first, similar to the client segmentation in appraisal, the vast majority of title volume is concentrated among the Top 100 lenders. With the majority of the top 100 lenders as clients and Tier 1 MSAs in place, we are very well positioned to continue to cross-sell title to our existing appraisal clients and add net new clients to our portfolio and we're making great progress.

Over the last two years, we have launched several new top 100 lenders entitled that are either existing appraisal clients or net new clients. We are actively engaged in a process with the majority of Tier 1s on title today and we are very confident that these engagements will result in new title client launches in 2021.

Taking a look at the opportunity for title on the refinance channel, similar to what we outlined for U.S. Appraisal, we expect to see a surge in market volumes over the next two to three years, with the notable exception that these volumes are not impacted by waivers or Veterans Affairs volumes like the U.S. Appraisal businesses, making the addressable market even larger.

As Brian discussed earlier, lender capacity remains the biggest constraint to growth in the market today. As you can see it from the range of our estimates, interest rates and the industry's capacity to absorb volume will be a large determinant of how steep this curve will be. Over the next five years, we intend to more than triple our U.S. title refinance market share to 6% to 8% from 2% today. Our strategy in U.S. Title is simple and leverages our experience in appraisal, simply put, we will continue to build on our existing Top 100 lender relationships, focus on the centralized refinance market, demonstrate our ability to outperform and grow our market share. Tier 1 lenders

represent 50% of our fiscal 2025 market share objectives, and we can achieve our market share objectives with no more than 35% market share with any single Tier 1 lender.

Our growth also be fueled by onboarding more Top 100 lenders. Just like in Appraisal, today's unique market conditions are providing an important catalyst for change. Lenders continue to experience internal capacity constraints, which is also leading them to re-examine their supply chains. It has some thinking about scale and performance, which is opening the door for more conversations and ultimately leading to an increased number of lenders going to market in a bid to add new vendors. Even lenders, who are traditionally not outsourced their title work.

We believe these trends will fundamentally change the landscape of the market for title services and create more opportunities for us to establish relationships with franchise clients with whom we can increase share over time. Jason spoke earlier today about our journey and crossing the chasm between client tiers and how this impacts the choices we made in the early days of our U.S. Appraisal business. One of the implications of the choices we made was that we had to say no to certain clients that we could then say yes to the right clients, and the same is absolutely true in U.S. Title business. Although, today's environment is creating multiple opportunities for us, the careful choices we make today will dictate our ability to drive scale and market share growth in the future. The key to growing a strong sustainable client base in title will be to maintain that discipline.

Setting our sights on longer-term growth in title, the U.S. purchase market represents an even greater market opportunity for us. We believe that today's \$5 billion market will expand to \$6.5 billion spend over the next five years.

As I mentioned earlier, the fundamentals are in place to keep driving growth in the purchase market. Low rates are increasing purchase power for home buyers. Although, the supply of homes on the market remains constrained. However, with the U.S. homebuilder confidence rising to a record high reported in October of this year and housing starts on the rise, we expect to see an increase in the supply of homes in the market over the next five years. According to a recent survey by NerdWallet, an estimated 99.3 million Americans plan to purchase a home in the next five years. Of all Americans plan to purchase in the next five years, 57% of Generation Z and 53% of millennials are planning to purchase a home, compared with 42% of generation X and only 23% of the Baby boomers.

Millennials are currently comprised the largest generation in the U.S., according to Pew Research. The largest age bracket among millennials 4.8 million will be turning 30 this year, and starting to reach the same milestones previous generations did and their 30s such as starting a family. New financial and family needs are anticipated to push them to search for new homes. According to realtor.com for the first time, ever millennial share of mortgage originations will surpass 50% in 2020 outnumbering Generation X and the Baby boomers combined together. And to the market dynamics are shifting trends in home buyer behavior, for previous generations, the journey to buying a home started with finding realtor, then home, if then been applying for a mortgage.

Today 73% of home buyers are thinking about financing first with the rise of digital channels, lenders are making it easier for prospective borrowers to engage with them earlier in that journey. Lenders are investing millions of dollars on new technology and processes to determine and streamline and digitize a large part of the consumer experience across all channels, including mortgages. Mortgages are often a new customer acquisition tool or a strategy to increase wallet share with existing customers, lenders are engaging consumers earlier now in the home purchase journey via pre-approvals, providing them with more opportunity to create a better consumer experience, which includes the selection of the title agent.

In a traditional purchase process, lenders rely on real estate agents to select the title agent. As a result, they manage thousands and thousands of different title agents with different closing processes and methods and lender and consumer communication resulting in a poor just joined consumer experience and compliance challenges.

Through network management, we can deliver a more consistent approach and a better consumer closing experience, which is a top priority for lenders, we believe the trend toward earlier digital engagement will continue to disrupt the hyperlocal fragmented title agent market and open the door to increasing the proportion of centralized purchase title transactions, creating an opportunity for us to obviously expand our relationships with lenders in these channels.

When it comes to processing title for a purchase transaction, a positive and consistent lender and consumer experience is exponentially more complex and challenging to deliver on. Consumers have more decisions to make, lenders have higher costs to process the transaction. There could be more complicated title issues to work through, there are more documents to execute and sometimes more regulations to follow, not to mention purchase closing timelines are generally more compressed. When things go wrong with the title process during the purchase transaction, it can create chaos for lenders and consumers, missed moving dates, families living on hotels, expired rate locks, increasing closing costs, and so on, and so on.

Purchasing a home is also an incredibly personal, and at times emotional event. For most of us, our homes not only represents a sense of security and stability, it's also our largest asset. Research has shown that an exceptional closing experience create stickiness in the customer relationships for lenders and leads to more referrals. Our strategy for growing in this space will be focused on a quickly changing dynamics of the purchase market, and our strong relationships with the top 100 lenders, who are focused on engagement with consumers earlier in the home buying process.

Utilizing our deep performance-based relationships with our existing portfolio of top 100 lenders, we believe that we will continue to demonstrate our ability to speed up title commitments and clear to close turn times, and demonstrate our ability to deliver a better closing experience for the consumer and the lender through our network management capabilities. Although it's early in the process, we are already engaged with discussions with several lenders to evaluate how we can partner with them on their long-term digital purchase strategy with a view of deploying clients and conducting transactions in the centralized purchase channel starting in fiscal 2022.

Overall, I'm very confident about our ability to grow share in the U.S. Appraisal and U.S. Title markets over the next five years. Our pipeline is accelerating, our performance in both channels continues to be strong, and our value proposition continues to resonate with lenders.

I'll now turn things over to Andrew.

Andrew Bough:

Thank you, Loren. Good morning. I'm Andrew Bough, the Head of our U.S. Appraisal Operations. I'll lead the team responsible for day to day interactions with lenders, as well as appraise the price network operations, which includes appraisal recruitment and the region managers who provide oversight of our network.

Our focus in U.S. Appraisal Operations is twofold. First and foremost outperform our competition, so that we can win market share; and second to optimize network performance in a way that allows us to scale, deliver higher incremental margins and support our first objective of our performance.

Today, I'll take a deeper dive into what drives market share allocations with lenders, I'll also share our plans for operational excellence over the next five years, which will ultimately allow us to drive toward the margin targets that Brian spoke to earlier.

So how do we win market share? We gained share in existing channels because our business model and our technology platform allow us to win the champion challenger model to all the Tier 1 lenders and the majority of our other clients use to allocate market share. We also gained share with our clients because the breadth and competency of our appraisal panels allows us to move into more channels like new construction and private banking. As Loren outlined earlier, the champion challenger model means that the lenders rank our performance against our competitors, and the top performers are awarded with more business, of course, the amount of incremental share

a lender awards us depends on a number of internal considerations at the client. There is no consistent formula or approach among the lenders. Sometimes, you may get half a point of new share sometimes you may get 2 percentage points. The path is and always linear, but the fact is we continue to consistently rank at the top of lender scorecards and we are winning those allocations and continue to grow market share.

As you heard from Loren earlier, today's market conditions are having an impact on our competitors, who are struggling with scale as mortgage market volumes rise. In contrast to our competitors, our network gives us the ability to scale in this market, which is a true competitive differentiator because of our network management model and the breadth of our clients, we are able to attract the best performing appraisers to our platform and create competition amongst them for the volumes we have earned from our clients. This competition drives better performance, which translates into greater quality, speed and better customer experience.

Mortgage lending is a very personal and also intrusive business, the appraiser is coming into our clients' customers' home walking around their bedroom taking pitches, et cetera. Working with the most professional appraisers helps our clients to manage reputational risk and enhances the overall customer experience. It also means we are better positioned to handle outliers and escalations, which is key for lenders because it's always the exceptions that create noise.

The appraisal and closing experience are two of the most critical consumer-facing touchpoints in the mortgage transaction. To help us better understand how these touchpoints impact consumers and how we stack up against the competition, we conducted a mortgage experienced survey this fall, our survey confirmed that we outperform our competitors in several aspects of the appraisal experience, including customer satisfaction. Delivering an exceptional appraisal experience with an extraordinary appraiser had a direct impact on customer satisfaction rating. 97% of our customers were satisfied with their appraisal experience compared to 82% on average for our competitors.

The survey also found the personal touch increases customer satisfaction and the interaction with the professional appraiser increase borrower satisfaction. Quality and professionalism were the main drivers of customer satisfaction. More than half of unsatisfied customers equated their poor appraisal experience with the quality of the appraisal and the professionalism of the appraiser. When analyzing the results, we found an appraised value that was lower than the homeowner expected did not automatically result in dissatisfaction. In fact, the root cause of their dissatisfaction was the thoroughness of the appraisal. These results provide tangible evidence that having the most qualified professional network is a key competitive advantage.

The loyalty and performance, our network has created a true moat around our business. We view appraisers as value partners. That's why we continue to promote appraiser professionalism and celebrate outstanding performance through our extraordinary appraisal program. Every quarter, we review thousands of the appraisers we work with to identify those who exemplify our top three values, outstanding performance, exceptional customer service and a commitment to quality.

The extraordinary appraiser designation is a recognized symbol of excellence by our clients and throughout the industry. It's also a coveted status amongst appraisers because how we reward performance with more volume. This fall, we launched the solidify perks program, which offers corporate discounts to the field professionals on our network. The program was well-received by our network and touted by appraisers as just another reason why I choose to do business with Solidifi.

The objective with these programs is simple, increase appraiser engagement and strengthen loyalty. This in turn allows us to attract and retain the best and brightest appraisers which in turn results in better performance.

In the following video, you'll hear from some of our regional managers, who will outline how we approach our appraiser relationships.

(Video Presentation)

As the region managers highlighted in the video, our approach to building strong relationships with appraisers is unique. This is the cornerstone of our success. Through the strength and loyalty of our network, we believe we have become the largest residential real estate appraisal provider in the United States.

Looking ahead, we will be making important investments in the platform to drive more scale and efficiency through the automation of lower risk tasks and predictive analytics. We expect to benefit from a 20% reduction in our cost to serve by the year 2025. The improvements we are targeting will help us drive more volume to the top-performing appraisers, giving us even greater ability to scale and continue to outperform our competitors.

Together, these initiatives are expected to drive our U.S. Appraisal net revenue margins to 26% to 28% by fiscal year 2025 and our adjusted EBITDA margins to 65% to 70%.

From performance to network optimization, our U.S. Appraisal operations teams is committed to delivering on our long-term objective of extending our leadership position in the U.S. Appraisal market.

With that, I'll hand it over to Kim.

Kim Montgomery:

Thank you, Andrew. Good morning I'm Kim Montgomery I lead our U.S. title operations. My team is responsible for overseeing all aspects of our title operations from search through closing including our network operations and client relationships.

Today, I will discuss some of the investments we are making in our platform to optimize our title operations in the coming years. I'll also introduce you to some of our extraordinary closing agents and discuss some of the recent findings from our 2020 consumer mortgage survey.

As Brian mentioned in his earlier remarks, the work we perform for title and closing involves more steps, which is also why the per transaction revenue is higher. We are accountable to complete a title search, clear title, handle the closing and escrow funding. We also issued a title insurance policy to support our customers' lean position. Although we are not the title insurer.

Today, we are leveraging our network management platform for search and closing from end to end, we are focused on expediting the process, working with the most experienced abstractors and closing agents and delivering quality performance, all with the aim to make the process better for the borrower and lender alike, since title insurance is meant to protect the lender against losses related to a properties title or past ownership.

The first part of the process is conducting search of past records Today, about a third of searches are automated and can be cleared and is little as four hours, getting clear to close quickly is a major driver of market share allocations. We have an advantage as a title agent and that we can work with multiple underwriters, each of whom have tools for title agents that allow us to get clear title faster.

Over the next five years, will be increasing automation and leveraging those tools to accelerate the search and title clearance process, which will drive downturn times and reduce data entry costs. Many counties today still lack sufficient data for an automated search to be completed, in order to complete these searches, we require an abstractor to physically go to a county courthouse. For this type of search, you need someone on the ground, who is knowledgeable and that is where our network management platform, a national footprint is so important.

As Steve discussed earlier, we will be evolving the management of this network on our platform over the next five years to allow the program to scale, which will include more tools to increase abstractor productivity by pushing work out to the abstractor network, we will expect to increase productivity and performance.

The second area of our investment focus over the next five years will be closing. The closing is where the borrower sits down with the closing agent to go through all of the loan documents, because there are a large number of

documents required to complete a mortgage closing in the U.S., it is important to have an experienced professional walk the borrower through the process, and as I'll discuss later on, our research shows that having the right person at the closing table is one of the most important drivers of consumer satisfaction.

Our expectations for our closing agents are clear. We put the accountability in their hands, which allows us to track their performance to ensure we are signing work to the top-performing closing agent on our network. As we continue to evolve our notary network management program, we will be providing our notaries with better insights on their performance as well as the ability to set volume goals.

With these enhancements, we expect to drive more competition and better performance. Throughout the morning, each of my colleagues has discussed our expectations for the surge of refinance volume over the next two to three years. Given that our title business is mainly driven by refinance volumes today, our ability to scale the network will be crucial.

With that in mind, our principal focus in the near-term will be to ensure we continue to build network capacity, that includes scaling our e-close capabilities. While e-closings, maybe the norm in the future, there is still a long way to go into the market sees wider adoption of e-close solutions.

Currently, 90% to 95% of mortgage closings are completed as a standard in-person closing by our mobile notary or closing agent. Over the last two years, the mortgage industry has experienced significant progress and making digital e-closings a reality and these changes have been accelerated by the pandemics. State governments, investors GSEs, technology providers and other stakeholders have worked diligently to remove many of the challenges, including the different state and county legislation as well as investor and underwriter adoption. We developed e-close connect to meet the demands of consumers today, but also in the future when e-close services become more common place. E-close is a connectivity hub that connects the top industry providers of e-close services onto a proprietary platform, that transacts with lenders, real estate professionals settlement agents and consumers. It provides a seamless and secure closing process that supports all of the existing e-closed transactions today including hybrid, full and remote online notarization.

E-close connects blends the digital experience with our notary network, whether you close in person or remotely. The ability of our network to deliver the best closing agent remains key to our success. We are focused on finding those who execute best typically that means those who have the right experience. In 2018, we launched our extraordinary known program since then we have been celebrating the top achievements of our notaries on our network and leveraging the program to attract new closing agents to our platform.

The following video introduces you to some of our extraordinary notaries as they share their experience in working with us.

(Video Presentation)

By working with notaries like those featured in the video, we are able to post industry-leading customer satisfaction scores. In fact, our 2020 consumer mortgage survey found that nine out of 10 customers gave Solidifi excellent ratings across the board on measures including preparedness, clear communication, making customers feel at ease, a process free from errors, professionalism and efficiency.

Our survey found that the overall experience with the closing agent is almost as important as a process free from errors, which speaks to both our model and our focus on network management. In terms of the use of technology, the survey found that the trust of digital signatures was increasing, but 87% of borrowers do not want an entirely digital experience at the closing table. They prefer having a human interaction at closing, because they can get immediate answers to questions, it feels more personal reduces the chances of error and feels more secure. Perhaps most surprising, is the fact that the pandemic did not materially change their preferences for human interaction at closing. Providing an extraordinary experience continues to be a top priority for lenders and as our survey confirmed it is a major driver of borrower satisfaction.

We believe that our model provides a unique competitive advantage that enables us to deliver a better experience for our clients and borrowers. Overall, our title operations continued to be focused on driving performance, scale and a better consumer experience. We have a number of ongoing investments and initiatives over the next five years that will support the achievement of our market share objectives.

With that, I will turn it back to Brian.

Brian Lang:

Thank you, Kim. So far we have addressed our plans to build our leadership position in U.S. Appraisal and our strategy to expand our U.S. Title business, which together represent a total addressable market of \$11 billion.

I'd now like to turn your attention to the third leg of our five-year strategy property data monetization.

Property data monetization represents a tremendous long-term opportunity for Real Matters, which we believe will unlock an additional \$70 billion in total addressable market for us, broaden the scope of the markets we serve and diversify our business mix over the long term. Data-driven intelligence is already a critical component of our business today. We collect and lay down nearly 1,000 data elements per transaction every day. Data intelligence in a network management context refers to our ability to quickly digest millions of network data points and convert them into actionable decisions, this core capability is something that we believe is transferable into new growth verticals. In our U.S. Appraisal business, Real Matters collects data through the inspection of 35,000 unique properties per month on average, along with a 150,000 unique comparable properties, we collect 2.2 million data points per day on the interior of properties alone.

The vast majority of this data is collected and available in structured format, positioning us well for evolving this information into actionable insights.

In addition to the vast sums of data elements we collect, the timeliness and accuracy of the data is what makes it relevant and most valuable. MLS and public record data can often be outdated, embellished or understated. Mortgage appraisers provide us with an unbiased and trained eye on more than 2 million unique properties each year, giving us unique access to some of the best quality data available today on U.S. properties.

Think about the last time you read an MLS listing online, you'd see the large size but wouldn't know if the homeowner spent a \$100,000 on landscaping or you could see that the home has air conditioning, but you wouldn't be able to surmise if a family got that family through last summer's heatwave. The average homeowner moves every 13 years according to the National Association of Realtors, that's a long stretch of time for the condition and contents of our property to change and another reason why our database is so valuable and unique.

Appraisal reports on average are 35 to 40-page documents in the U.S. They provide an incredible amount of detailed information that is meant to support the valuation of a property, it's not about taking boxes, it's about making an assessment of the condition and value of that property and that requires a meaningful amount of supporting data as evidence.

The property information we collect includes details about the exterior and interior of the home, including the age, condition and material of critical items like roofing, windows, fireplaces, plumbing heating and air conditioning. All of which is vetted by unbiased professionals. Our data set includes insights that are less than five years old on more than 1.5 million unique properties, providing the most current information on what improvements, repairs and services may be desirable for homeowners.

Knowing enough about the property specifics to be able to target what services are needed, when they are needed is the key to adding value. Similar to our approach in our existing businesses, we are going to start with the data to drive decisioning. As we look at each phase of the homeowner journey, we see a variety of use cases for our data assets from insurance quotes to landscaping and home renovations, the market opportunity is significant.

So let's take a look at a specific use case example, to illustrate how we think about adding value in this market. In our example, we are focusing on the HVAC system. Through our data, we know what kind of heating and air conditioning system a home has, if it's central or local or if it's gas or electric, but more importantly, we would have information on the effective age of the property and commentary from the appraiser on notable items in need of repair or updating.

Our age fact data on this property will be unique because the condition is validated and it cannot be found in other databases. And since we can estimate the replacement cycle. This puts us in a unique position to leverage our data to connect homeowners with a number of businesses, who can meet their needs at a time when it's most needed.

In our HVAC example, you can see that there are opportunities for us to leverage our data in a number of different ways. One path might be to connect homeowners with air conditioner manufacturers through a subscription model that helps these companies drive business for their installed base. Alternatively, we could look at connecting homeowners directly with HVAC installers to supply qualified leads in their service areas. We can also go direct to consumers to source and fulfill these services through a network of installation partners. With these three examples, we are demonstrating how we could execute with a variety of strategies capturing greater revenue opportunities per transaction.

As we progress closer to engaging directly with the homeowner, given that it's still early days, we will be evaluating a number of different strategies as we hone in on the right approach.

We may take multiple paths to market and experiment through partnerships to test and validate concepts, but ultimately, we want to capture value through homeowners, who are interested buyers, ready to transact on the services offered not a mass marketing opportunity at pennies per transaction.

In other words, we are more likely to target a B2B or a B2B B2C strategy where we can balance the transaction value, capture per client and limit complexity such that we can optimize our investment and reduce the execution risk. The market for home-based spending is enormous. Every year, Americans spend \$580 billion in aggregate on services related to owning a home. When we think of how this translates into the addressable market opportunity for our data assets, we look at the ways in which we can capture value along four verticals, purchase driven services, repairs, and home improvement, ongoing services and listing driven services. These vertical markets may vary as we evaluate multiple strategies and targets across the spectrum.

We have modeled a TAM based on an estimated 10% to 15% capture of the total spend, which is in line with several different metrics that include marketing spend by contractors and retailers, online spend on marketing, Home Services marketplace players like HomeAdvisor, Amazon Home Services or Google.

The sum of the value we believe we can capture across these verticals is \$70 billion, which is more than 6 times the size of the average addressable market for our U.S. Appraisal and U.S. Title businesses combined. Our strategy is to establish a beach head over the next three to four years through acquisition with a goal of monetizing the data by fiscal 2025. As I've outlined, this is a large and growing market with a number of attractive characteristics, which will serve to diversify our revenue streams from the mortgage market and its cyclicity.

Our principal objective will be to leverage our data assets to expand our total addressable market and grow our revenue sources and customer base.

Our ideal acquisition targets will include companies with established business models they have a leading or emerging market position that are generating revenues of over \$50 million, growing at a rate of 20% or more and with adjusted EBITDA margins at or above 30%. Most importantly, we are seeking a target with a strong management team, that is aligned to our vision and who has the expertise needed to bring our data assets to market.

Property data monetization represents a tremendous long-term opportunity for Real Matters and I am confident in our strategy and the team's ability to execute.

With that, I'll turn things over to our CFO, Bill Herman for a financial overview that recaps everything we have discussed today.

Bill Herman:

Thank you, Brian. Today, we have taken stock of our achievements relative to the targets we laid out at our IPO and at our last Investor Day and we've updated our targets for fiscal 2025 and we have given you insights into what will drive market share growth in scale in our core businesses.

And finally, we have outlined our strategy for growth over the next five years. Market share remains a key performance indicator for Real Matters, as Brian outlined earlier, our U.S. appraisal market share targets have bifurcated between purchase and refinance because of their distinct market characteristics and growth drivers. We've also refined our U.S. federal market share objectives which going forward will be measured against refinance origination market volumes, only to more closely align this metric with the market we serve today.

We may eventually move in to purchase title, we'll measure our performance against purchase origination market volumes, as we've done of our U.S. appraisal business, we believe this additional level of disclosure. We'll provide greater clarity regarding our performance and our financial results and will help investors benchmark our performance with the most relevant market information that exists today.

So let me share with you our refined approach to calculating market share for each of our U.S. segments. In U.S. Appraisal, we estimated mortgage market activity using the most recent report issued under the Home Mortgage Disclosures Act, or HMDA, which they last reported on for the calendar year 2019. And we use. This is our starting place to arrive at our market volume estimates for fiscal 2020. From there we then estimated changes in residential mortgage market activity using a variety of information sources including certain clients and non-plant quarterly and annual reports report issued by certain competitors, data published by the Mortgage Bankers Association, which now includes transaction volumes dollar volume activity reported by Fannie Mae and Freddie Mac and our own internal volumes. To arrive at our addressable market volumes for U.S. Appraisal, we start with total purchase and refinance market volumes and remove market volumes for waivers that do not require an appraisal and Veterans Affairs transactions that are not addressable.

Estimates from waiver and Veterans Affairs volumes are based on the reports issued by the GSEs, and by the U.S. Department of Veteran's Affairs. In fiscal 20 waivers and Veteran's Affairs volumes represented an estimated 13% of total purchase market activity which lead an addressable purchase market volumes of 3.9 million. In fiscal 2020, we serviced over 180,000 purchase transactions representing 4.6% of the addressable purchase market volumes in the U.S.

On the refinance side, we use the same methodology to estimate addressable market volumes. However, you'll see the impact of waivers and Veterans Affairs is much higher for refinance market activity, which we believe is a reflection of the mix of refinance activity occurring in the market today.

Let me take a moment to explain what I mean by this. Waivers are typically available from the GSEs for homeowners that have lower loan to value positions and that a recent appraisals completed on the property, and when the homeowner isn't looking to take cash out of the equity they have built up in their homes. Because interest rates are at historic lows, the sheer population of homeowners that satisfy this criteria has expanded immensely, which we believe is the primary reason for the increase in waiver usage.

In addition, homeowners satisfying this criteria typically represent more creditworthy borrowers, and therefore represent lower investment risk for the GSEs. Once this subset of homeowners complete the refinancing of their mortgages, we believe waiver usage will moderate back to level seen prior to COVID-19.

In fiscal 2020, we estimate that addressable refinance mortgage market volumes were 3.1 million, and in fiscal 2020, we service nearly 289,000 refinance transactions resulting and is capturing 9.3% of the addressable refinance market activity in the U.S.

Turning to our calculation of U.S. Title market share, we are making the transition to compare with volumes we service against estimated refinance market volumes only, which we believe provides a better view of the performance of our existing operations and strategy. Applying the same methodology we use for U.S. appraisal, we arrive at an estimate of total refinance market volumes of \$5.7 million in fiscal 2020, all of which is addressable volume since the Title business is not impacted by waivers or Veteran's Affairs volumes.

In fiscal 2020, we serviced over 118,000 refinance transactions, which means we captured 2.1% of the total addressable market for Title services in the U.S. As we are making the transition to a more transparent and relevant approach to presenting market share for our U.S. title segment, we reflected that on our historical calculation that we first laid down in 2017, when we went public. The data we had back then was reasonable in our best estimate at the time, and we have provided our U.S. Title market share using this calculation in our fiscal 2020 MD&A. However, based on newly available information, we believe this estimate understated market volumes, which resulted in a higher market share results for our U.S. Title segment, when compared to our new calculation.

Taking a look at our margin target for our U.S. Appraisal segment, which is contingent on the achievement of our purchase and refinance market share targets, we are aiming to deliver net revenue margins in the 26% to 28% range and adjusted EBITDA margins in the 65% to 70% range by fiscal 2025. In fiscal 2020, we improved net revenue margins to 23.8% from the market 20.6% we achieved in fiscal 2018. We increased net revenues by \$29 million and delivered \$28 million of that incremental net revenue increased to adjusted EBITDA.

When you look through our results, we've done exactly what we set out to do. Grow market share, improve net revenue margins and deliver on improvements to operating leverage to deliver higher adjusted EBITDA margins. Transaction volume is key to achieving our targets and as Loren discussed earlier, we continue to pursue new clients and channel expansion across the clients we serve today, and those we expect to serve in the future.

By focusing on the elements of performance that drive market share in our U.S. Appraisal segment, namely first-time quality and network optimization, we believe that we can continue to expand operating leverage. At our last Investor Day in 2018, we charted a course for our margin profile based on a doubling of volumes in our U.S. Title segment. And at that time, we expected net revenue margins would expand to 65% and adjusted EBITDA margins to 30%. In fiscal 2020, our U.S. title volumes nearly quadrupled from 2018 levels and we reported net revenue margins of 63.1% and adjusted EBITDA margins of 49.3%, delivering a seven-fold increase in adjusted EBITDA from fiscal 2018. Our ability to outperform our adjusted EBITDA margin target was the result of significant operating leverage in our title business that has come with volume and scale.

Looking ahead, we expect to make further investments in our Title operations to support new client wins, servicing the Tier 1 client segment, and to secure our future as a leading title and closing services provider. And even with these investments by achieving our Title refinance market share targets of 6% to 8%, which represents a five-year compound annualized growth rate of between 24% and 31% from our market share position today, we expect to realize adjusted EBITDA margins in the 50% to 55% range by fiscal 2025.

Turning to our corporate operating expenses, our results tell a similar story of operating leverage. Consolidated net revenue was up 96% between fiscal 2018 and fiscal 2020. However corporate expenses, net of stock-based compensation remained relatively flat, increasing less than 3% since fiscal 2018 or under 5% if we negate the benefit of IFRS16. More importantly, corporate operating expenses declined substantially as a percentage of consolidated net revenue between fiscal 2018 and fiscal 2020 following from 18% in fiscal 2018 to 9% in fiscal 2020. Our target for fiscal 2025 is to contain corporate expenses to 7% of net revenue, while continuing to invest in tech resources to support our business objectives and future growth.

We expect our corporate spend will flex up as we onboard our first Tier 1 U.S. title client, and moderate thereafter as we continue to leverage our corporate investment. We converted 87% of adjusted EBITDA in fiscal 2020 free cash flow, which compares to 48% in fiscal 2018. Free cash flow and free cash flow conversion are new metric for us, and to highlight our ability to generate cash that we can use to invest in our business.

We've taken a simple approach to defining and calculating free cash flow, which we have defined as adjusted EBITDA, net of net interest expense and income, cash taxes and the purchase of property and equipment. We have excluded changes in non-cash working capital items from the definition of free cash flow, as changes in non-cash working capital items are often temporary in nature and reflect the timing of cash receipts for trade and other receivables or payments made on account of trade payables or accrued liabilities. We have also excluded the timing differences attributable to when cash taxes or interest are paid, and instead have chosen to reduce free cash flow by the expense recognized for each as recorded in our consolidated statement of operations.

As we look out to fiscal 2025, we expect to convert adjusted EBITDA to free cash flow at a rate of 70% to 75%. This is a decline from our fiscal 2020 level of 87%, because we benefit from paying lower cash taxes due to the use of the remaining loss carry-forwards available to us in the U.S.

With \$129 million of cash on our balance sheet, a long-term free cash flow conversion rate at or above 70%, a \$40 million undrawn credit facility and no debt, we believe we have a strong liquidity position.

From June 2018 to September 30, 2020, we purchased 7.1 million shares through our normal course issuer bid at an average price of C\$7.58, which represents an 8% reduction in the total issued and outstanding shares from when we established our first NCIB in 2018.

Looking ahead, we are well positioned to deploy capital as we look to establish a beachhead and property data monetization through acquisition. We expect to continue to maintain a strong balance sheet, which will continue to be a long-standing tenant for us and we are targeting a leverage ratio of no more than 1 times to 1.5 times if any post our data acquisition.

As we get closer to identifying our target acquisition, we will have a clear perspective and strategy for our target capital structure, which we'll share at that time. As the business grows and shareholder interest continues to build, we will evaluate the merits of U.S. cross listing as a means to further support our long-term growth and the value of the company.

As it stands today, Real Matters ranks above the median on both net revenue growth and adjusted EBITDA margin among a broad set of Canadian and U.S. peers. Achieving the Rule of 40 in any year is admirable, but the greatest challenge is balancing that revenue growth and margin performance year-after-year. We believe that by driving growth in our existing businesses, combining strong operating leverage and the addition of our data strategy to tap into a new addressable market, we will continue to create lasting value, balancing growth and profitability.

I'll conclude our Investor Day presentation with a recap of our key investment highlights. Real Matters has significant runway for growth in its core businesses; a strong market tailwind and multi-year opportunity to accelerate growth; continued net revenue and adjusted EBITDA margin expansion opportunities driven by scale; data monetization opportunity that will expand and diversify our long-term growth profile; a strong financial position and the flexibility to deploy capital for growth; and finally, an experienced management team to deliver on its promise.

And now we'll take a brief pause as we move into our live Q&A.

QUESTIONS AND ANSWERS

Lyne Beauregard:

Okay. I think we have everyone already online. Wonderful. So let's begin the Q&A session. Our first question for Brian, following our earnings release on Friday, investors have been asking about the impact of waivers on our market opportunity in U.S. appraisal. Can you please provide us with more color on this, Brian?

Brian Lang:

Sure, thanks for that question. So I think, first place we start is U.S. appraisal TAM. And so when we take a look at that, we're sitting at around \$4 billion today, and we believe that could swell to upwards of \$6 billion, and that includes the impact of waivers and VA. So for us this market opportunity is still growing.

If we take a look where we land in '25 from a market share standpoint, we see our U.S. appraisal CAGR growing at 15%. So that TAM that I mentioned, with this CAGR growth, this is above what we've seen in 2020 for the next five years each year. So again we're seeing -- with the inclusion of both waivers and VA, a continually growing total addressable market. So to address waivers specifically and what we think sort of in the longer term run, in the past, waivers have been at single digits percentage of the total market. But with low rates, with the increase in refinance volumes and with COVID, the GSEs have allowed appraisal waivers to be used on more transactions. And that's usually where mortgages have a low loan to value or where a fairly recent appraisals are already on file.

So in our view, this is not a systemic change. We think that waivers will decline as the mix of business returns to a more normalized market. Waivers are typically used on rate refinance transactions, full appraisals are definitely more typical, and the vast, vast majority of cash out refinance transactions in purchase.

So, if we take a look at our waiver assumptions as we look out to fiscal 2025, on the Veteran Affairs side, we see that remaining are quite unchanged from 2020 levels. So that's approximately 9% for the purchase market and 15% for the refinance market. And waivers for purchase and refinance activity returned to the levels that we saw in 2019 by fiscal 2025, which is approximately 2% of purchase market volumes and 10% for refinance market volumes. Lyne?

Lyne Beauregard

Perfect. Thank you. Yes, I'm here. So Bill as a follow-up to that, can you please reconcile our old market share calculation on appraisal to the new market share calculation? We've been getting a lot of questions about that.

Bill Herman

Yeah, it makes sense. Thanks, Lyne. Hopefully everybody can hear me. So I think for those that have followed us for some time, I think we're all very well aware that finding reliable and accurate data sources besides the mortgage originations market in the U.S. is no less than difficult. It's absolutely a challenge. So our old market share calculation was our best estimate at the time we made it, and we made that estimate at the end of calendar 2016 just prior to going public. This estimate also forms the basis of our targets for fiscal 2021.

So in short, our old market share calculation simply underestimated the size of the total addressable market for U.S. appraisal. And our calculation also included home equity and default volumes. When we think about our new calculations, today our new calculations reflect external data points that we believe are far more accurate than we've ever had before, and we've also focused our market share targets on purchase and refinance origination volumes only. And that's really to exclude -- the sole purpose to exclude the home equity in default volumes to determine our market share in our U.S. Appraisal segment.

So when you think about what's the delta between the two, we're really talking about really the size of the market, old calculation much smaller than the current view on the size of the market that we have today. When we think about the next two to three years out, we certainly expect our U.S. appraisal TAM could swell to \$6 billion from today's \$4 billion, and our targets for, or views for fiscal 2025 as it relates to market share targets, they represent a CAGR growth at the top end of the range of 15% over that next five years.

So, maybe if I just put a bow on this for everyone here, using our old estimates of the market size for fiscal 2020, you would have seen us report purchase and refinance market share of 6.9% and 12.6% versus the 4.6% and 9.3% that we calculated today using our larger estimated TAM. So hopefully that's helpful.

Lyne Beauregard

Thanks, Bill. Brian, question for you, are waivers an issue on the Title business?

Brian Lang

The short answer to that, Lyne, is no. Waivers actually don't impact the Title business. And as we've just sort of walked through, Title is absolutely our fastest growing business right now. Both net revenue and EBITDA are above appraisal, and that is with no Tier 1s to-date.

So we think this is a very large market opportunity in Title this two to three years. We expect the U.S. Title TAM could swell to as much as \$9 billion from today's \$5 billion. 2025 market share assumes that our CAGR is in the mid '20s over the next five years, and we are really focused on landing as many customers as possible over the next 12 to 18 months, and then start performing as we do and as we did on appraisal build that market share and really drive it with Tier 1s in the top 100 lenders. Lyne?

Lyne Beauregard

Great. Thank you. So Bill, now that we've recapped the differences in our Title and our Appraisal market share calculations, could you please do the same on U.S. Title market share calculation, sort of the old versus the new?

Bill Herman

Yeah, absolutely. So the story line remains not similar to appraisal. We just simply underestimated the size of the addressable market back at our IPO. It was at that time, as I said, it was our best estimate based on what we had available to us by way of data. I think again, like I've done in appraisal, let you know that had we calculated our refinance only market share at the end of fiscal 2020 using our old sizing of the market, we would have been at 5.5% versus the 2.1% that we currently estimate we have based on our current estimates of the size of the market.

Lyne Beauregard

Great. Thank you, Brian, what happens to our targets if rates increase and the market decline, specifically, I guess, on refinance?

Brian Lang:

So Lyne we are going to stay focused on the things that we can control, which is why we continue to talk about our primary target with market share. And so as mentioned U.S. -- Sorry new U.S. title market share represents a five-year CAGR of mid-20-plus percent and our U.S. appraisal market share represents a five-year CAGR of 15% at the top end of our range. So we think we're in early innings of a two to three year market surge, and that's even if the U.S. Treasury, the 10-year treasury increases to 1.2%. We still believe that we will then have sub 3%, 30-year rates, which results in somewhere between 18.5 million to 20 million homeowners with the ability to reduce the interest rate by at least 75 basis points on their mortgage. And we think this is -- we think this is really a two-year to three-year cycle in order to get through this volume.

Lyne Beauregard:

Great. Thank you. Our next question is for Jason. Jason, can you please talk about the rationale of the move to Executive Chair and what your role will be going forward in the business?

Jason Smith:

Yeah, sure, no problems, and thanks for the question. Primarily, this is a new five-year plan, new targets. It's a phenomenal opportunity for Brian who I have been working very closely with and the team for the last 18 months to step into the role. So going forward, I will be making sure a smooth transition of course and also bring my 25 years of mortgage banking technology to be at his disposal and select strategic initiatives in support of that five-year plan.

Lyne Beauregard:

Great, thank you. Loren, question for you. For U.S. Appraisal fiscal 2025 market share targets, can you discuss what our market share assumptions are for the Tier 1s in that and what gives you comfort that we can achieve those market share targets?

Loren Cooke:

Sure. Thanks, Lyne, and great question. With our Tier 1 lenders, we will continue to drive toward our goal of capturing more than 30% market share within the origination channel. We have already surpassed that goal with three of our Tier 1 clients and we are on the right path through continued strong performance to capture over 50% market share with several Tier 1 lenders by the end of fiscal 2025. To be clear, our market share with Tier 1 lenders has not been capped, and as long as we continue doing the same, there is no reason why we cannot grow higher and hit that 50% mark with several of our Tier 1 lenders.

In addition to the Tier 1s, we also have the opportunity for market share growth with our top 100 clients. We already have served the majority of the top 100 lenders today and we have a significant runway for growth across our entire client base. And then also we've said this a number of times, but today's unique low rate environment has also caused lenders to experience scalability and performance challenges, and has opened up new opportunities to launch new clients. This includes captives, who did not outsource in the past.

We also believe these challenges will cause lenders to consolidate market share with the best vendors, the top vendors, to try to simplify their processes and our strategy is to leverage this large refinance wave to land new clients. Once this refinance wave has subsided, we expect to have a large client base with whom we can then continue to grow share with.

Lyne Beauregard:

Great, thank you. Bill, question for you on the HELOC default in REO markets, can you please tell us what your assumptions are for HELOC default volumes in our 2025 targets and how investors should think about the shifting mix there?

Bill Herman:

So, I think, I'd say a couple of things there, Lyne. I think for those who have been following us, you can certainly see that HELOC and default have been at certainly out of favor, certainly more recently as the volumes in the main origination channels, be it refinance and purchase have taken off. So as a consequence, again, you've seen a decline recently through the F-20 in that -- in those levels of service or in that service activity. Our view is that you'll probably see a further decline into 2021, but then moderation thereafter.

So I think there's always going to be some component of activity in the market via default home equity, et cetera, but not at elevated levels. So for those reasons, I would say, again, a little bit softer into '21 but a moderation thereafter.

Lyne Beauregard:

Great, thank you. Next question is for Brian. Brian, would you -- when do you think that you'll be live with a Tier 1 lender? And in our current fiscal '25 market share targets, what are your assumptions for Tier 1 lenders in terms of share?

Brian Lang:

All right. So on Tier 1s, we're progressing. So we are actively engaged in a process with the majority of the Tier 1s on title today. The strong market -- the strong refi market, it's affected Tier 1 lenders somewhat differently. So therefore the conversations are in slightly different phases. One is that contract phase and another is in the RFP stage. So we expect that there will be a fair bit of activity in 2021, and that the others we think are also ramping up. So we're very confident that these engagements will result in a new client at launch in 2021, title client launch with a Tier 1. And as far as the longer term, so we can achieve our 2025 targets with no more than 35% market share with any Tier 1 lender. Lyne?

Lyne Beauregard:

Thank you. Our next question is for Loren, how big is your notary network today and is it big enough to handle Tier 1?

Loren Cooke:

Thanks. Lyne. Yeah, of course, I mean we have a very well-established national network of notaries and abstractors today, which we are scaling up in tandem with the volume growth. Building networks and loyalty with field professionals is what we do. It's a core competency for us, a proven core competency for us. We know from experience that you can't build too far ahead of the volume. We're also focused on ensuring that the features and functions on the technology we offer are relevant for the maturity of the size of our network as well. So hopefully that answers the question.

Lyne Beauregard

Thank you. Another question for you Loren, in terms of our fiscal 2025's performance target, it doesn't include anything on the purchase [title] side of the business. Can you give us some color around why?

Loren Cooke

Sure. Yeah, that's a great question. Our near-term focus is going to be on the prize front of us right, which I don't think anyone surprises this great big enormous coming centrally as refi market. Once we've penetrated this market and I've gone live with a number of key clients, we're then going to start shifting our focus over to the purchase side. We believe very strongly we're all seeing it that the trend, as I said earlier, right, the trends toward earlier digital engagement is going to continue to disrupt hyperlocal fragmented title agent market, and open the door to increasing the proportion of centralized purchase title transactions, which is going to create an opportunity for us to expand our relationships with the lenders in these channels that we are reserving today. It is early in the process -- I do want to say that, it is very early in the process. We are definitely focused on the prize front of us, if you will. But I will say though that we are already engaged in discussions with several lenders to evaluate how we can partner with them on their long-term digital purchase strategy with a view of deploying clients and conducting transactions in the centralized purchase channel, starting sometime in fiscal '22.

Lyne Beauregard:

So on that actually, we have a question here, asking why is the refi purchase market opportunity so much larger than the refi -- sorry the title refi opportunity compared to the title purchase opportunity was, why is purchase so much bigger?

Loren Cooke:

Sure. Yeah, the answer is twofold. It's pretty straightforward actually. First is our view, we're looking five years out, what the purchase market is going to look like in comparison to the current swell of refi volume that is in the market in the next couple of years. There is a bit of a shift of volume. But also, as I said earlier in the presentation, the purchase transaction is more complicated than our refi, and therefore the gross and net fee associated with the title and closing portion of the purchase transaction is a bit higher. So that's also accounting for the higher number.

Lyne Beauregard:

Great, thank you. And one last one for you Loren, just on eClose. Can you talk about what's going on in the industry today with COVID and what we've seen in terms of changes on the eClose side of things? And whether or not there is a difference in terms of the revenue that we would factor into the margin on an eclose transaction? Thank you.

Loren Cooke:

Sure. Yeah, I could talk to this for a long time, but I promise you, I won't. As Kim outlined in our remarks earlier, there is still a long ways to go, and tell the market really sees a wider adoption of the eClose solutions. We're adopting at the early phases of that. Currently 90% to 95% of mortgage closings today are still completed, by an in-person closing agents, mobile, notary, et cetera. There is also no difference in revenue and margin. So -- but whether you close in

person or remotely, the selection of the right closing agent though does remain a key differentiator. So that piece of it doesn't change. So we don't see there are any significant impact there.

Lyne Beauregard:

Great, thanks, Bill, over to you. For U.S. Title, our fiscal '25 margin targets are close to what we achieved in fiscal 2020. So we'd like to understand or the investors would like to understand a little bit better our margin targets, and if perhaps there isn't more operating leverage in this segment from the fiscal '20 levels?

Bill Herman:

Okay. It makes sense. Great question, because like obviously similar to our U.S. Appraisal business, we continue to expect to leverage our operations over the long-term, be it at the revenue margin or be it at an operating cost margin. So clearly over the next five years, our plan is to launch with multiple clients, including several Tier 1s and it's obviously still pretty early for U.S. title business in its bid to move up segment.

So for those reasons, we really wanted to get a couple of Tier 1s added to our roster of clients what we committed to further net revenue and/or EBITDA margin expansion. So I think it's certainly achievable, but certainly longer terms, beyond that five-year target range, we will be looking to expand beyond those targets that we set five years out.

Lyne Beauregard:

Great, thank you. Okay. So we're going to move on now to data. First question for Brian on data is, who owns the data and how are we planning on monetizing it?

Brian Lang:

All right. So we have the access we need to execute on our strategy when it comes to data. Given its early days, we will continue to evaluate a number of different strategies as we hone in on the right approach. But sort of top level, I guess, we really want to capture value through homeowners who are interested buyers, ready to transact on services that would be offered. And so this is not -- we're not going out with a mass marketing opportunity where we're really only be at pennies per transaction. I mean, our focus is definitely more in the B2B and the B2B2C space, where we think we can balance the transactional value capture for each client and limit some of that complexity that might come with that, so that we can definitely optimize our investment and reduce a lot of the executional risk.

Lyne Beauregard:

Great. And are there any technology components that we need to develop to make the data accessible or usable? Are there any off-the-shelf solutions or are there things that we are looking to build to take advantage of this opportunity?

Brian Lang:

I think -- I mean, I think, Steve, spent a fair bit of time on how important data analytics, predictive analytics, how core that is to the business that we do today. And so those skills have definitely been used to bring our platform up and create the network impact that we're able to have sort of day in, day out. And looking ahead, Lyne, we will definitely be a little bit more focused around this acquisition of a company. A company that we think will have a fairly established business model with a leading or emerging market position, one, definitely with a strong management team that has a vision that's aligned to what we're doing, and also as some of the expertise needed to bring some of these data assets to market.

Lyne Beauregard:

Great. Loren, a question related to data, have we spoken to our existing lender clients about our data strategy and what's been their feedback so far?

Brian Lang:

Loren is on mute, which you know this had to happen at least once where Loren had to be on mute.

Loren Cooke:

It's only a matter of time, right, in the world of ZOOM that I would of course be on mute. But absolutely, yes, absolutely, yes. We have spoken to a number of our clients about our intention of exploring additional areas of expansion, which we believe is going to benefit both the homeowner and in many cases, obviously our clients and our lenders as well. So they've been very supportive and we're going to continue to do -- we obviously continue to have open dialog, once we have a firm direction and engage, we continue to engage with them. Yeah.

Lyne Beauregard:

Thank you. And Brian, are we looking at using the data to offer new products to our existing clients? Is that part of the strategy?

Brian Lang:

Well, I mean is part of the strategy, but I mean for us anyway is the market for home-based spending is enormous. And it's the numbers we have every year Americans end just south of \$600 billion in aggregate on services that are related to owning the home. So I think of it as the homeowner journey where you are a first-time homebuyer, you then become a homeowner, you go through -- though as you manage the services over the time of owning a home, and then of course you get ready to sell.

And so we sort of carved out four verticals within that journey that we've really been doing our work around, which is purchase-driven services, repairs and home improvements, ongoing services and listing driven services. And so our view is these vertical markets, they're going to vary a fair bit as we evaluate multiple different strategies and targets across the spectrum. So, financial services is will be in there, but it will probably be a very small portion of the overall opportunity that we are going to look at.

Lyne Beauregard:

Great. And in terms of the acquisition target, are we looking to acquire technology or capabilities or clients? And also just to clarify, and also we're also being asked if this is something that we would actually do de novo like that we would grow organically or if it's through acquisition?

Brian Lang:

Yeah. So are we looking at data capabilities and clients, so we're looking at both. The group that we are going to be, the targets that we're going to look at, we want to have both a proven team and track record with sort of already a client base, installed client base, and they're going to have a platform and a team that they are, of course, going to help us accelerate the framework for what we're thinking around data monetization. So with that established group of customers, we think that's the group that we can of course materially enhance the property data with. And so we expect those clients inside the current market, but we also expect clients that are quite diversified, which of course is I think going to be helpful for us. But really, Lyne, the platform is the key priority here. Sorry, the second part of the question, Lyne, apologies?

Lyne Beauregard:

Is it something that we would look at growing organically or de novo rather than through acquisition?

Brian Lang:

Right. No, we're not looking at de novo. We have a fantastic tech team, but they've been focused and continue to focus on building out all of our network platform capabilities and so we are going to look at an acquisition.

Lyne Beauregard:

Great. So with that, do you -- would you see an acquisition being accretive and what kind of multiple do you think we'd have to pay for an asset?

Brian Lang:

Okay. So let's look at the ideal acquisition target again. So it's got that established business model. It's got the strong management team. It's sort of leading or emerging market position, and then sort of key to us is it's on a strong revenue flow already. So we've talked about it being somewhere over around \$50 million, growing at a rate, so a fairly decent growth company of 20% or more, and frankly, we want to be profitable. So it's going to have an adjusted EBITDA margin somewhere again around the 30%.

We wanted to give a reasonable view, I think, of what we are looking for, and of course, a company like that is going to garner a fairly healthy multiple. So right now we have \$129 million in cash on the balance sheet. We've laid out that we expect to continue to convert adjusted EBITDA at a rate of 70% to 75% over the next five years. We have no debt today, and we'll definitely contemplate as required, raising equity, as I say, it's appropriate. So with that, I think we are very confident at our ability to deploy capital to support taking this data monetization strategy to the next level.

Lyne Beauregard:

Great. Thank you. So I guess a good follow-on to that is a question we're getting here for Bill. Can you discuss any changes to your capital allocation priorities and your current appetite to utilize the buyback?

Bill Herman:

Sure. Thanks, Lynn. So I guess what I would say to that is really my view and the view of the company's, really no change in our capital allocation priorities, certainly in the near term. We've had a long standing tenant of maintaining a strong balance sheet and we've continued to signal that in our past and we'll continue to signal that going forward. So as I think everybody is very well aware, we take a disciplined approach to create long-term shareholder value, and that remains unchanged for us.

So I think I'd love to be able to tell you exactly what the strategy will be, but I need to know when it's going to happen at what cost, where we are at that point in time to give you better perspective on what the strategy looks like from a financing perspective. So I guess the short of it is, until that time, until I've got that clarity, until we've got that clarity, we're going to continue to be active under the buyback, we're going to continue to apply our disciplined approach to creating long-term shareholder value.

Lyne Beauregard:

Great, thank you. So just the last question here, because we're running up against time. So last question for Brian, we're getting lots of investors and analysts asking about the timeline on this acquisition. And if we found the right target more near-term will that accelerate our data roadmap and would we look at accelerating our plans for rolling that out?

Brian Lang:

Sure. Thanks, Lyne. So I think, listen, our positioning is we are out in the market looking for the type of target that I took everyone through. We're very focused on making sure that that is the target, that's accretive that delivers especially on the sort of platform vision that we have, and so we've given ourselves some time to find a company like that. So could it happen earlier? Of course it could. But we are definitely giving our times both to find the right target as well as to integrate it in appropriately. If it's a standalone company, we want to make sure that the leverage and the synergies that we believe our data will bring are extremely well thought out, good rollout plans, good execution plans and then taking it to market.

Lyne Beauregard:

Wonderful. Thank you very much. Okay, so that concludes our Q&A session for today. We had said that we wanted to be respectful of our your time and keep the Q&A to about a half hour. We do have some questions here that I think we haven't been able to get to and I'm happy to follow up with all of you offline. Thank you very, very much for spending these two hours with us today. We really appreciate your participation and your support, and have a fantastic day. Thank you.