



The Real Brokerage Inc. Announces Third Quarter 2021 Financial Results

November 16, 2021

Achieves 885% year over year revenue growth in Q3 2021 to US \$39 million

132% agent growth to 2,975 agents at the end of Q3 2021

TORONTO and NEW YORK, Nov. 16, 2021 /PRNewswire/ -- The Real Brokerage Inc. ("**Real**" or the "**Company**") (TSXV: REAX) (NASDAQ: [REAX](#)), an international, technology-powered real estate brokerage, is pleased to announce that it has filed its financial results for the three and nine months ended September 30, 2021.

Additional information concerning Real's consolidated financial statements and related management's discussion and analysis for the three and nine months ended September 30, 2021 can be found at www.sedar.com.

Q3 Financial Highlights (unaudited) (US dollars)

- Revenue increased 885% in the third quarter of 2021 to \$38.79 million, compared to \$3.9 million in the third quarter of 2020.
- Gross profit grew 348% to \$3.32 million in the third quarter of 2021, compared to \$741 thousand in the third quarter of 2020.
- Net operating loss was \$1.06 million in the third quarter of 2021, compared to a net loss of \$422 thousand in the third quarter of 2020.
- Adjusted EBITDA loss for the third quarter of 2021 was \$744 thousand compared to Adjusted EBITDA loss of \$261 thousand in the third quarter of 2020.
- Cash flow from operations increased approximately 581% to \$1.03 million compared to the third quarter of 2020.

"Our third-quarter run-rate is more than \$150 million, as we continue to experience growth through the combination of increases in number of agents and revenue per agent," said Tamir Poleg, co-founder and CEO of Real. "As we build out technology not only for our agents, but for a consumer experience, we expect to be competing in the future not just with traditional and tech brokerages but to expand our total addressable market by competing with online real estate companies."

Q3 and Recent Operating Highlights (unaudited)

- Surpassed 3,000 agents October 2021, a 134% increase since October 2020.
- The value of completed real estate transactions grew 879% to \$1.44 billion in Q3 2021, compared to \$147 million in the third quarter of 2020.
- Revenue per agent grew to \$13 thousand, which represents an increase of 325% compared to \$3 thousand in the third quarter of 2020.
- Transactions per agent grew to 1.5 compared to 0.5 in the third quarter of 2020.
- Bolstered its management team with the additions of Katharine Mobley as Chief Marketing Officer and Raj Naik as Chief Operating Officer
- As of September 30, 2021, Real offered real estate brokerage services in 35 U.S. states the District of Columbia in the US and Alberta, Canada and had 50 full-time employees.
- As of September 30, 2021, Real's efficiency ratio (Full Time Employees : Agents) was 1:60, with a long term target of 1:75. Real views this as a competitive advantage as the industry standard is a ratio of approximately 1:25.
- Real ended Q3 2021 with \$45 million in cash and investments compared to total cash on hand of \$1.9 million at the end of Q3 2020.

The Company will discuss the results on a conference call and live webcast today at 11:00 a.m. EST.

Date: November 16, 2021

Time: 11:00 a.m. EST*

Dial-in
Number: North American Toll Free: 888-506-0062

International: 973-528-0011

<https://www.webcaster4.com/Webcast/Page/2699/43422>

Replay
Number: North American Toll Free: 877-481-4010

International: 919-882-2331

Passcode:42380

Webcast
Replay <https://www.webcaster4.com/Webcast/Page/2699/43422>

*Participants are encouraged to dial in 5 to 10 minutes before the beginning of the conference call.

About Real

Real (www.joinreal.com) is a technology-powered real estate brokerage operating in 37 U.S. states, the District of Columbia and Canada. Real is building the future, together with more than 3,000 agents and their clients. Real creates financial opportunities for agents through better commission splits, best-in-class technology, revenue sharing and equity incentives.

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Non-IFRS Measures

This news release includes reference to "**Adjusted EBITDA**", which is a non-International Financial Reporting Standards ("**IFRS**") financial measure. Non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EBITDA is used as an alternative to net income by removing major non-cash items such as amortization, interest, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. Adjusted EBITDA has no direct comparable IFRS financial measures. The Company has used or included this non-IFRS measure solely to provide investors with added insight into Real's financial performance. Readers are cautioned that such non-IFRS measure may not be appropriate for any other purpose. Non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "likely" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof. Forward-looking information in this press release includes, without limiting the foregoing, statements regarding the addition of agents to Real's business, expectations regarding Real's growth and the business and strategic plans of the Company.

Forward-looking information is based on assumptions that may prove to be incorrect, including but not limited to Real's business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Real considers these assumptions to be reasonable in the circumstances. However, forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking information. These factors should be carefully considered and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, Real cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press

release, and Real assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release, and the NASDAQ has neither approved nor disapproved the contents of this press release.

The Real Brokerage Inc

Consolidated Statement of Financial Position

(unaudited)

	September 30, 2021	December 31, 2020
Assets		
Cash	36,077	21,226
Restricted cash	47	47
Investment securities available for sale at fair value	8,893	-
Trade receivables	275	117
Other receivables	23	221
Prepaid expenses and deposits	560	89
Current assets	45,875	21,700
Intangible assets	1,107	-
Property and equipment	71	14
Right-of-use assets	130	193
Non-current assets	1,308	207
Total assets	47,183	21,907
Liabilities		
Accounts payable and accrued liabilities	5,955	815
Other payables	1,048	64
Lease liabilities	82	85
Current liabilities	7,085	964
Lease liabilities	71	130
Accrued Stock-based Compensation	1,084	15
Warrants outstanding	310	-
Non-current liabilities	1,465	145

Total liabilities	8,550	1,109
Equity (Deficit)		
Share premium	59,236	21,668
Stock-based compensation reserve	5,680	2,760
Deficit	(26,283)	(18,448)
Equity (Deficit) attributable to owners of the company	38,633	5,980
Non-controlling interests	-	14,818
Total liabilities and equity	47,183	21,907

The Real Brokerage Inc

Consolidated Statement of Loss and Comprehensive Loss

(unaudited)

Three months ended September 30, Nine months ended September 30,

	2021	2020	2021	2020
Revenue	38,798	3,939	71,202	9,469
Cost of sales	35,477	3,198	64,216	8,063
Gross profit	3,321	741	6,986	1,406
General & Administrative expenses	2,170	988	10,051	2,254
Marketing expenses	1,675	88	3,060	449
Research and development expenses	497	75	1,399	147
Other income	-	-	-	(1)
Operating loss	(1,021)	(410)	(7,524)	(1,443)
Listing expenses	-	-	-	803
Finance costs	43	12	311	29
Loss before tax	(1,064)	(422)	(7,835)	(2,275)
Net Loss	(1,064)	(422)	(7,835)	(2,275)
Total loss and comprehensive loss	(1,064)	(422)	(7,835)	(2,275)
Earnings per share				
Basic and diluted loss per share	(0.006)	(0.013)	(0.05)	(0.026)

The Real Brokerage Inc

Non-GAAP Net Income (loss) to Adjusted EBITDA Reconciliation

(In thousands)

	Three months ended September 30, Six months ended September 30,			
	2021	2020	2021	2020
Net Income (loss)	(1,064)	(422)	(7,835)	(2,275)
<i>Non operating expenses</i>				
Interest	43	12	311	29
Depreciation	44	10	130	59
Restructuring expense	3	-	63	-
Listing Expenses	-	-	-	459
Nasdaq listing expenses	310	-	455	-
Stock-based compensation	(80)	139	4,713	336
Adjusted EBITDA	(744)	(261)	(2,163)	(1,392)
			Three months ended Nine months ended	
			September 30	September 30
			2021	2020
			2021	2020
Cash flows from operating activities				
Loss for the period			(1,064)	(422)
			(7,835)	(2,275)
Adjustments for:				
– Depreciation			42	17
			129	66
– Equity-settled share-based payment transactions			(1,696)	139
			2,920	336
– Listing expenses			(36)	-
			(3)	459
– Finance costs (income), net			43	32
			311	28
			(2,711)	(234)
			(4,478)	(1,386)
Changes in:				
--Restricted cash			-	-
			-	-
– Trade receivables			(66)	(88)
			(158)	(114)
– Other receivables			-	9
			198	(12)

– Related parties	-	-	-	-
– Prepaid expenses and deposits	(385)	(27)	(471)	(27)
– Accounts payable and accrued liabilities	2,711	105	5,140	705
– Stock Compensation Payable (RSU)	757	-	1,069	-
– Other payables	728	20	984	18
Net cash provided by (used in) operating activities	1,034	(215)	2,284	(818)
Cash flows from investing activity				
Investments in securities	-	-	(8,890)	-
Change in restricted cash	-	-	-	-
Purchase of property and equipment	(22)	(7)	(65)	(7)
Acquisition of subsidiaries consolidated for the first time (a)*	-	-	(1,100)	-
Net cash provided by (used in) investing activity	(14)	(7)	(10,047)	(7)
Cash flows from financing activities				
Proceeds from private placement	-	443	-	2,031
Additional proceeds from Qualifying Transaction	-	-	-	321
Proceeds from exercise of Warrants	-	-	26,475	-
Proceeds from issuance of convertible debt	-	-	-	250
Proceeds from loans and borrowings	-	-	-	172
Purchases of Common Shares for Restricted Share Unit (RSU) Plan	(2,853)	-	(3,772)	-
Proceeds from exercise of stock options	37	-	47	-
Payment of lease liabilities	(21)	(31)	(62)	(64)
Net cash provided by financing activities	(2,837)	412	22,688	2,710
Net change in cash and cash equivalents	(1,817)	190	14,925	1,885
Cash, beginning of period	37,951	1,748	21,226	53
Fluctuations in foreign currency	(49)	(2)	(66)	(2)
Cash, end of period	36,077	1,936	36,077	1,936

SOURCE The Real Brokerage Inc.