



The Real Brokerage Inc. Announces Second Quarter 2021 Financial Results

August 11, 2021

Achieves 790% year over year revenue growth in Q2 2021 to US \$23 million

126% agent growth to 2,451 agents at the end of Q2 2021

NEW YORK and TORONTO, Aug. 11, 2021 /PRNewswire/ -- The Real Brokerage Inc. ("**Real**" or the "**Company**") (TSXV: REAX) (Nasdaq: [REAX](#)), a national, technology powered real estate brokerage in the United States is pleased to announce that it has filed its financial results for the three and six months ended June 30, 2021.

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

Q2 Financial Highlights (unaudited) (US dollars)

- Revenue increased 790% in the second quarter of 2021 to \$23 million, compared to \$2.5 million in Q2 last year.
- Gross profit grew 764% to \$2.4 million in the second quarter of 2021, compared to \$281 thousand in Q2 2020.
- Net operating loss was \$2.9 million in the second quarter of 2021, compared to a net loss of \$1.2 million in the second quarter of 2020.
- Adjusted EBITDA loss for the second quarter of 2021 was \$496 thousand compared to Adjusted EBITDA loss of \$795 thousand in the second quarter of 2020.
- Cash flow from operations increased approximately 214% to \$706 thousand compared to Q2 last year.

"During the second quarter, the combination of large increases in number of agents and revenue per agent accounted for revenue growth," said Tamir Poleg, co-founder and CEO of Real. "In terms of outlook, on a monthly basis we added agents that collectively generated \$20 million in trailing 12-month revenue recorded prior to joining Real. Based on these figures, we expect strong growth to continue."

Q2 and Recent Operating Highlights (unaudited)

- Surpassed 2,550 agents July 2021, a 135% increase since July 2020.
- The value of completed real estate transactions grew 853% to \$906 million in Q2 2021, compared to Q2 2020.
- Net revenue per agent grew to \$1.5 thousand, which represents an increase of 362% compared to \$326 in Q2 2020.
- As of June 30, 2021, Real offered real estate brokerage services in 31 U.S. states and the District of Columbia and had 41 full-time employees.
- As of June 30, 2021, Real's efficiency ratio (Full Time Employees : Agents) was 1:61, with a long term target of 1:75. Real views this as a competitive advantage in terms of how quickly and efficiently it can scale and provide benefit in profit margins. The industry standard is a ratio of approximately 1:25.
- On June 15, 2021, Real commenced trading its common shares on the Nasdaq Capital Market.
- On June 28, 2021, Real received C\$32,845,011.20 in proceeds from accelerated warrant exercises.
- Real ended Q2 2021 with a cash balance of \$37.9 million and an additional \$8.9 million held in investments in securities compared to \$1.7 million at the end of Q1 2020.

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

Details of the conference call are listed below:

Date: August 11, 2021

Time: 11:00 a.m. EST*

Dial-in Number: North American Toll Free: 844-602-0380

International: 862-298-0970

Webcast: <https://www.webcaster4.com/Webcast/Page/2699/42380>

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

International: 919-882-2331

Passcode:42380

Webcast
Replay <https://www.webcaster4.com/Webcast/Page/2699/42380>

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

The replay will be available beginning approximately 1 hour after the completion of the live event.

About Real

Real (www.joinreal.com) is a technology-powered real estate brokerage operating in 31 U.S. states and the District of Columbia. Real is building the brokerage of the future, together with agents and their clients. Real creates financial opportunities for agents through better commission splits, best-in-class technology, revenue sharing and equity incentives.

The Real Brokerage Inc

Consolidated Statement of Financial Position

(unaudited)

	June 31, December 31,	
	2021	2020
Assets		
Cash	37,904	21,226
Restricted cash	47	47
Investment securities available for sale at fair value	8,857	-
Trade receivables	209	117
Other receivables	23	221
Prepaid expenses and deposits	175	89
Current assets	47,215	21,700
Intangible assets	1,127	-
Property and equipment	57	14
Right-of-use assets	151	193
Non-current assets	1,335	207

Total assets	48,550	21,907
Liabilities		
Accounts payable and accrued liabilities	3,244	815
Other payables	320	64
Lease liabilities	87	85
Current liabilities	3,651	964
Lease liabilities	87	130
Accrued Stock-based Compensation	327	15
Warrants outstanding	276	-
Non-current liabilities	690	145
Total liabilities	4,341	1,109
Equity (Deficit)		
Share premium	47,234	21,668
Stock-based compensation reserve	7,376	2,760
Deficit	(25,219)	(18,448)
Equity (Deficit) attributable to owners of the company	29,391	5,980
Non-controlling interests	14,818	14,818
Total liabilities and equity	48,550	21,907

The Real Brokerage Inc

Consolidated Statement of Loss and Comprehensive Loss

(unaudited)

	Three months ended June 30, Six months ended June 30,			
	2021	2020	2021	2020
Revenue	23,095	2,594	32,404	5,530
Cost of sales	20,667	2,313	28,739	4,865
Gross profit	2,428	281	3,665	665
General & Administrative expenses	3,801	482	7,881	1,266

Marketing expenses	942	209	1,385	361
Research and development expenses	475	49	902	72
Other income	-	(1)	-	(1)
Operating loss	(2,790)	(458)	(6,503)	(1,033)
Finance costs	158	15	268	17
Loss before tax	(2,948)	(1,276)	(6,771)	(1,853)
Net Loss	(2,948)	(1,276)	(6,771)	(1,853)
Total loss and comprehensive loss	(2,948)	(1,276)	(6,771)	(1,853)
Earnings per share				
Basic and diluted loss per share	(0.053)	(0.032)	(0.122)	(0.056)

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

(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net Income (loss)	(2,948)	(1,276)	(6,771)	(1,853)
<i>Non operating expenses</i>				
Interest	158	15	268	17
Depreciation	44	22	86	49
Restructuring expense	60	-	60	-
Nasdaq listing expenses	145	-	145	-
Stock-based compensation	2,045	(15)	4,793	197
Adjusted EBITDA	(496)	(1,254)	(1,419)	(1,590)

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Consolidated Statement of Cash Flows

(unaudited)

Three months ended
June 30

Six months ended
June 30

	2021	2020	2021	2020
Cash flows from operating activities				
Loss for the period	(2,948)	(1,276)	(6,771)	(1,853)
Adjustments for:				
– Depreciation	44	22	86	49
– Equity-settled share-based payment transactions	1,868	(15)	4,616	197
– Listing expenses	-	459	-	459
– Finance costs (income), net	158	1	268	(4)
	(878)	(809)	(1,801)	(1,152)
Changes in:				
– Trade receivables	518	131	(92)	(26)
– Other receivables	1	(21)	198	(21)
– Prepaid expenses and deposits	(12)	1	(86)	-
– Accounts payable and accrued liabilities	622	73	2,429	595
– Stock Compensation Payable (RSU)	205	-	312	-
– Other payables	250	8	256	(2)
Net cash provided by (used in) operating activities	706	(617)	1,216	(606)
Cash flows from investing activity				
Change in restricted cash	-	1	-	-
Purchase of property and equipment	(29)	-	(43)	-
Acquisition of subsidiaries consolidated for the first time (a)*	-	-	(1,100)	-
Net cash provided by (used in) investing activity	(29)	1	(1,143)	-
Cash flows from financing activities				
Investments in securities	(8,857)	-	(8,857)	-
Proceeds from private placement	-	1,588	-	1,588
Additional proceeds from Qualifying Transaction	-	321	-	321
Proceeds from exercise of Warrants	26,475	-	26,475	-
Proceeds from issuance of convertible debt	-	250	-	250

Proceeds from loans and borrowings	-	172	-	172
Purchases of Common Shares for Restricted Share Unit (RSU) Plan (919)	-		(919)	-
Proceeds from exercise of stock options	10	-	10	-
Payment of lease liabilities	(21)	(18)	(41)	(33)
Net cash provided by financing activities	16,688	2,313	16,668	2,298
Net change in cash and cash equivalents	17,365	1,697	16,741	1,692
Cash, beginning of period	20,527	53	21,226	53
Fluctuations in foreign currency	59	(1)	(16)	3
Cash, end of period	37,951	1,749	37,951	1,748

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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 measures 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.

SOURCE The Real Brokerage Inc.