

real

Investor Presentation

April 2023



real

Legal Disclosure

Certain statements herein relating to The Real Brokerage Inc. (“Real” or the “Company”) constitute “forward-looking statements”, within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and/or objectives, sales programs, forecasts and projections, assumptions, expectations, and/or beliefs of future performance. Such “forward-looking statements” involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward looking statements include, but are not limited to, statements with respect to commercial operations, anticipated revenues, the overall projected size of the market and other information that is based on forecasts of future results and other key management assumptions. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Future Oriented Financial Information: To the extent any forward-looking information in this Presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate anticipated results and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above. Our actual financial position and results of operations may differ materially from management’s current expectations and, as a result, our revenue and profitability may differ materially from the revenue and profitability profiles provided in this Presentation. Such information is presented for illustrative purposes only and may not be an indication of our actual financial position or results of operations.

Note: Figures in this presentation are as of 12/31/2022 unless otherwise specified.

The Real Brokerage

The Real Brokerage is **revolutionizing the residential real estate industry** by pairing best-in-class technology with the guidance of an agent. We provide a digital brokerage platform for agents, while working to build a better end-to-end home buying experience for consumers.

REAX

Dual-Listed on
NASDAQ and TSX

\$382M

2022 Revenue

37,500

2022 Transactions

\$215M

Market Cap⁽¹⁾

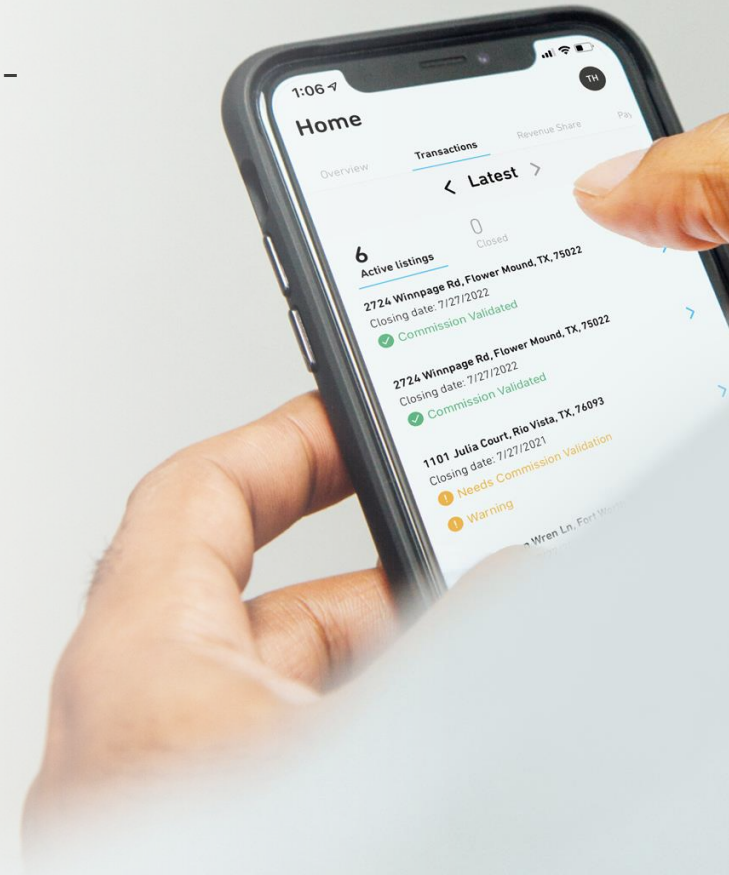
10,000

Licensed Agents⁽²⁾

45

States

+ DC
+ Alberta
+ Ontario
+ British Columbia



(1) Market capitalization as of April 24, 2023.

(2) Announced subsequent to the end of the year on April 4, 2023.

Why Invest in Real Today?

Rapid Growth

- Fastest growing publicly traded real estate brokerage
- Delivering solutions to a large addressable market
- In 2022:
 - 214% revenue growth
 - 188% gross profit growth
 - 181% transaction growth
 - 113% agent growth

Near-Term Catalysts

- Path to Adj. EBITDA profitability in 2023
- Initial pilot version of consumer facing portal in early H2 2023 with mortgage pre-approval
- We believe the real estate market is set for a strong upcoming rebound
- Current real estate market lows provides attractive entry point

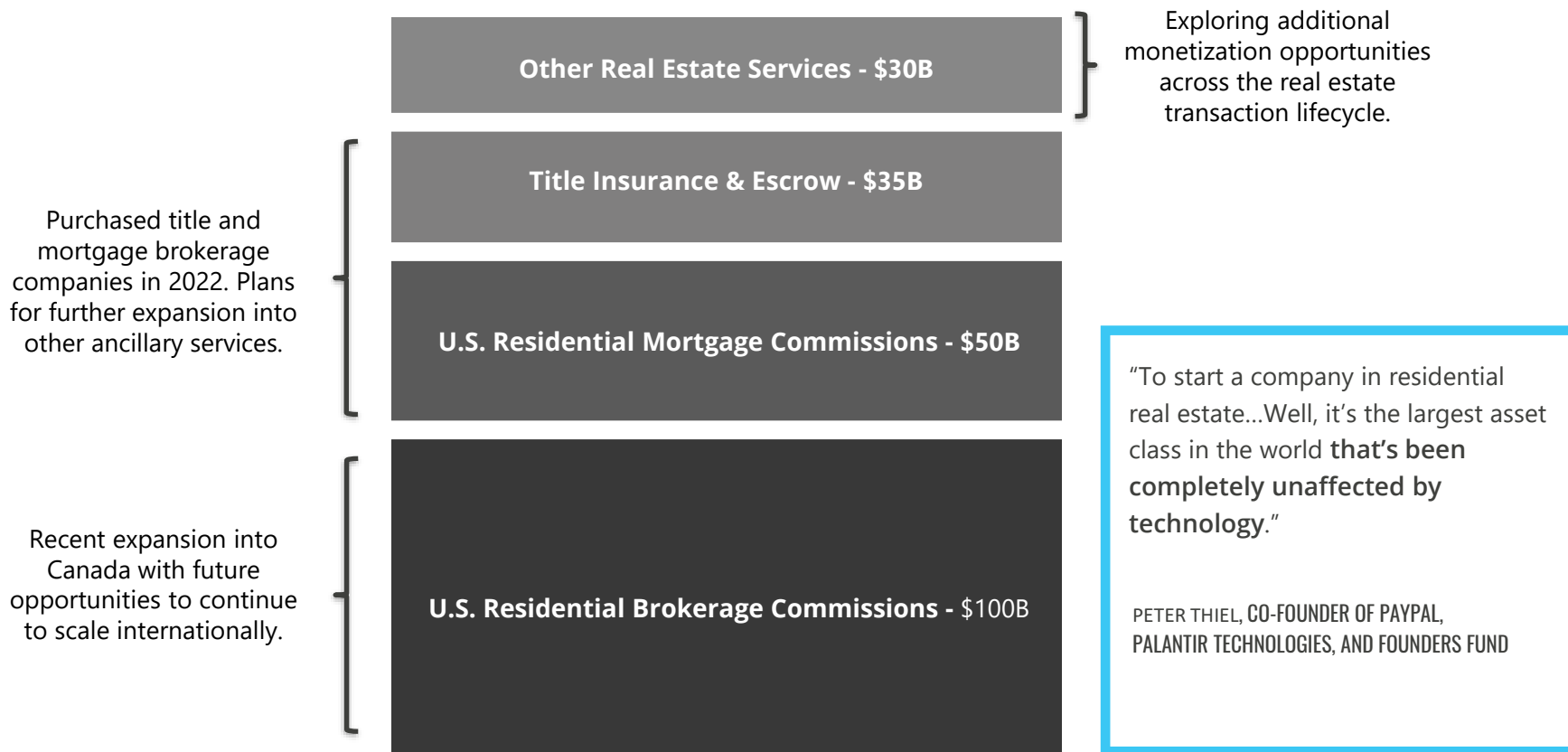
Consumer Vision & Margin Expansion

- Current home buying process is littered with problems
- Developing a simplified one-stop shop, tech-enabled consumer journey
- Enhancing consumer experience to improve cross-sell monetization per transaction

Substantial Market Opportunity

To build a big business, you must solve a big problem.

U.S. TAM - \$215B

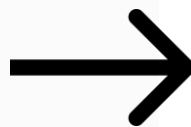


A Large Industry Redistributed

As of March 2023, there are 1.5 million agents in the U.S., ~90% are with legacy brokerages that have had a dominant market share since the mid-1900s⁽¹⁾. We are beginning to see the market shift to a new model...

PAST

Still own ~90% of the market today



FUTURE

Tech platforms rapidly gaining market share like our own

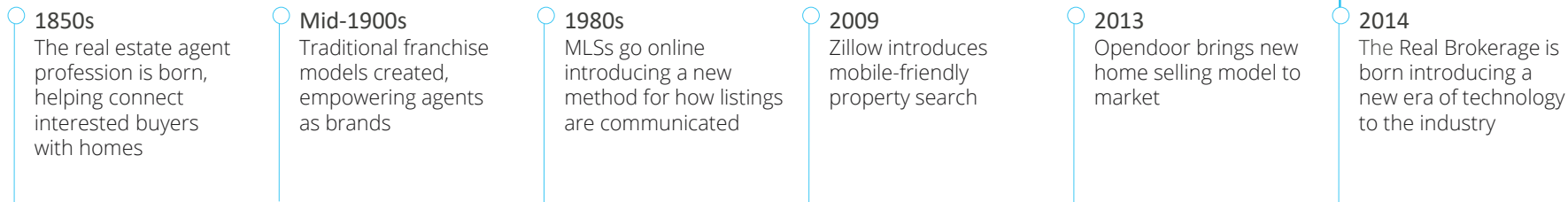


Modern Agents Demand:

- ✓ Better Technology
- ✓ Better Economic Incentives
- ✓ Better Culture

Evolution of an Industry

TIMELINE



Capturing Market Share: Agent Growth Strategy

1. Agent referrals

Real agents earn revenue share through five tiers of referrals, creating a network growth effect.

2. Geographic expansion

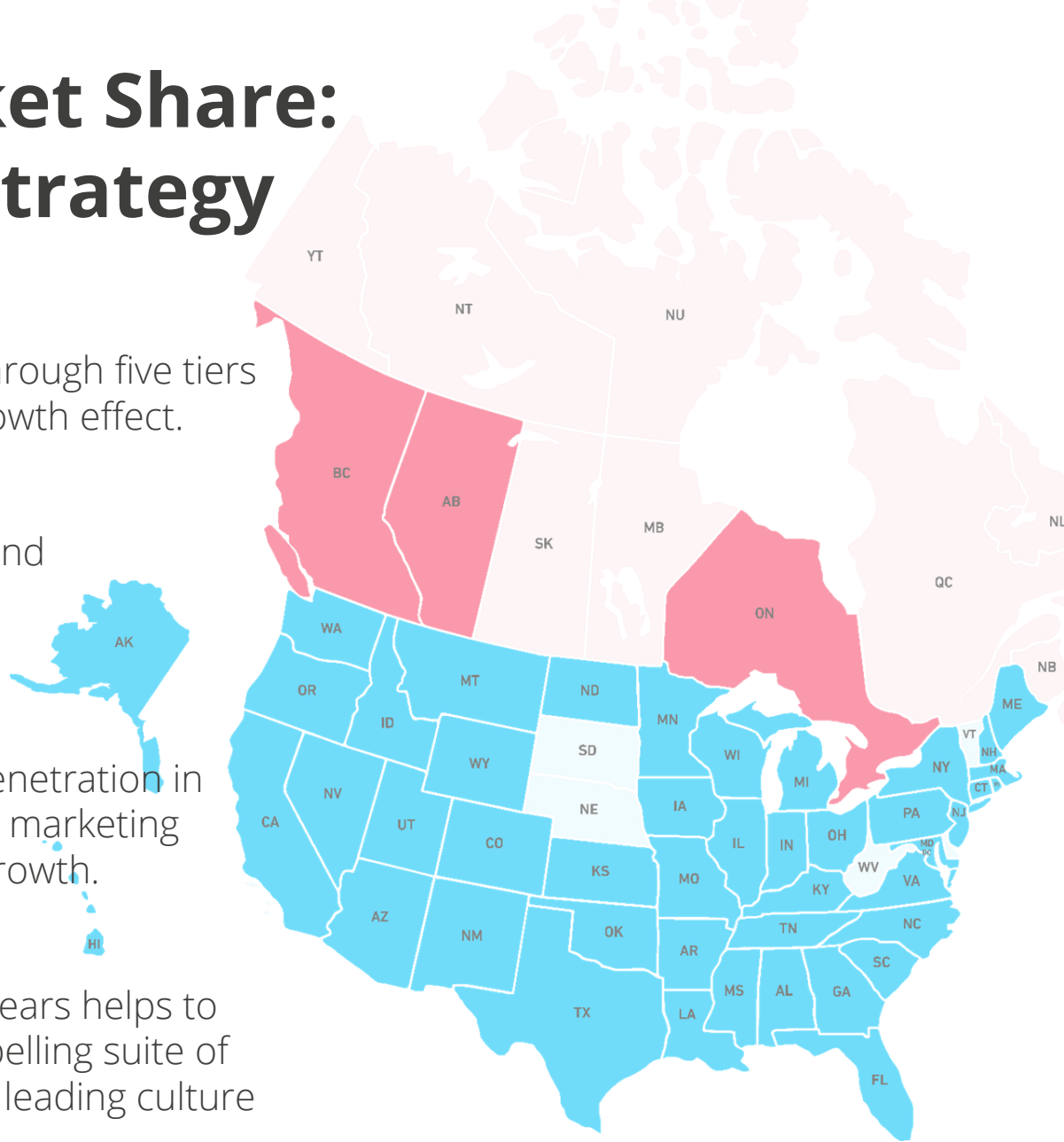
Real is rapidly adding new states and territories based on demand from productive agents.

3. Current market penetration

Real is shifting focus for deeper penetration in existing markets. Real is deploying marketing strategies to push for additional growth.

4. Retention

Equity plan, vested over multiple years helps to retain agent talent. Deliver a compelling suite of products and services as well as a leading culture to promote agent retention.



Q4 '22 Highlights

Agent Productivity

Growth Despite Tough Market

- Revenue +90% and gross profit +100% y/y despite the drop in transaction volume in the broader market
- +181% y/y in closed transaction volume
- 2.8 transactions per producing agent¹
- 45 bps improvement in gross margin to 8.6% demonstrates resiliency and attractiveness of model in a downturn

Focus on Agent Growth

- Highest net agent addition in company history, with nearly 1,500 net new agents joining in Q4
- Welcomed real estate social media influencer Sharran Srivatsaa as President of the Company, focused on all aspects of growth including agent attraction and education

Corporate Updates

Fee Increases Boost Margins

- Revenue enhancing and agent attraction initiatives will impact our beginning in Q2 '23 and help us scale profitably:
 - New co-sponsored revenue share feature is first of its kind
 - New \$30 BEOP fee²
 - \$175 annual revshare fee and a 1.2% fee on all payments
 - \$100 increase of the joining fee to \$249
 - \$250 increase of the annual brokerage fee to \$750
 - \$60 increase of the post-capping transaction fee to \$285
 - \$29 increase to the Elite Agent transaction fee to \$129
 - Expected to add over \$5 million to bottom line in 2023

Completed Mortgage Acquisition

- Additional building block to support the consumer home buying experience

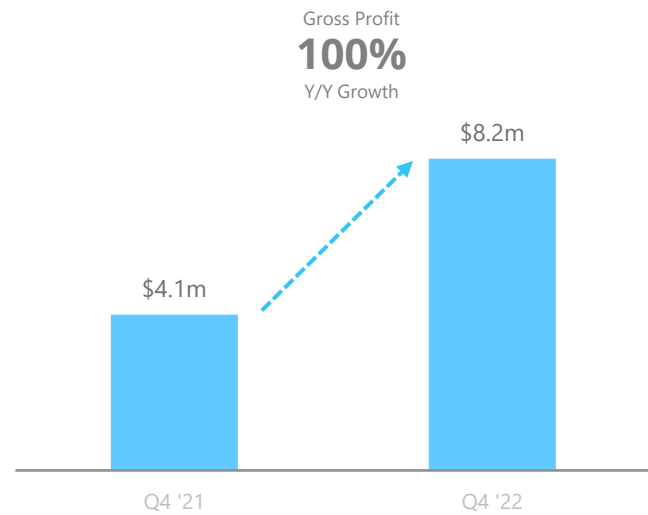
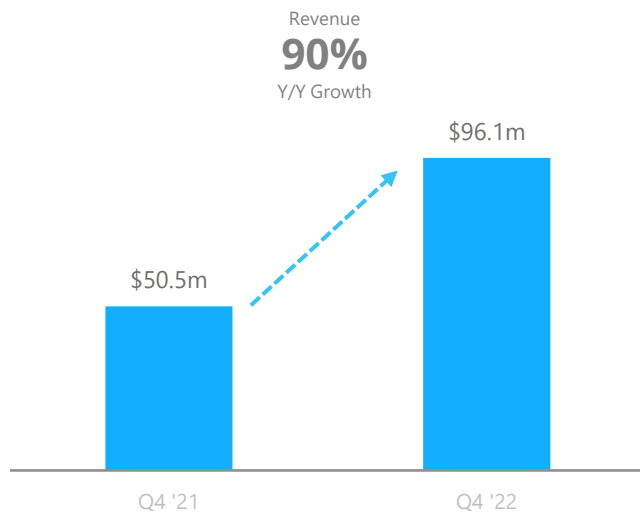
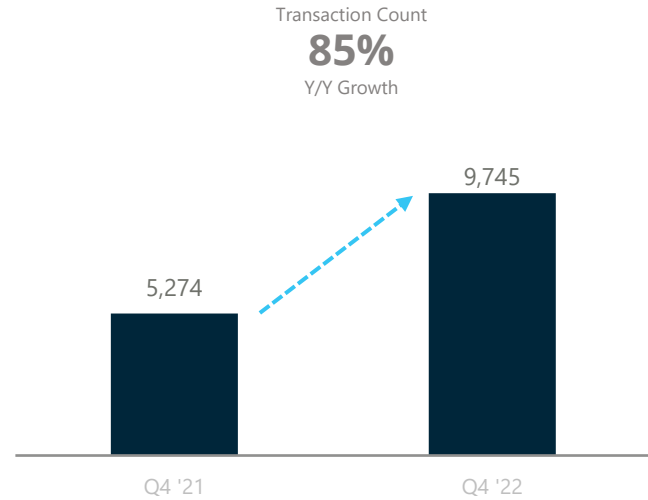
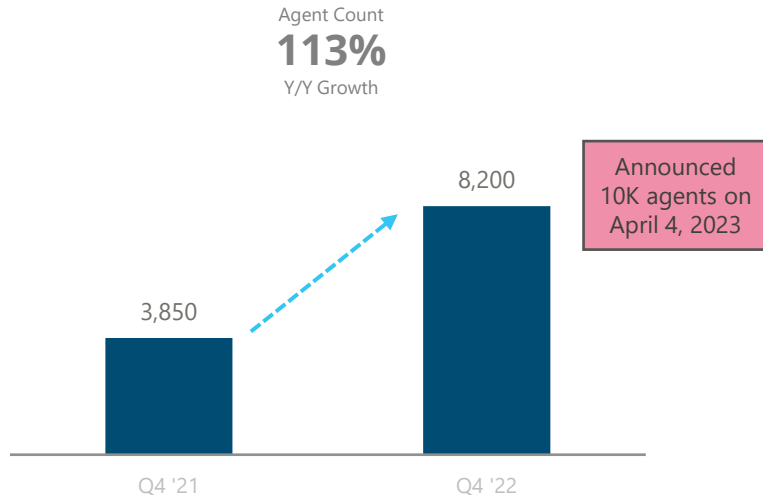
MVP of Consumer Experience in Early 2H '23

- Pivotal step towards bringing one-stop-shop home buying vision to fruition
- Will feature instant mortgage pre-approvals

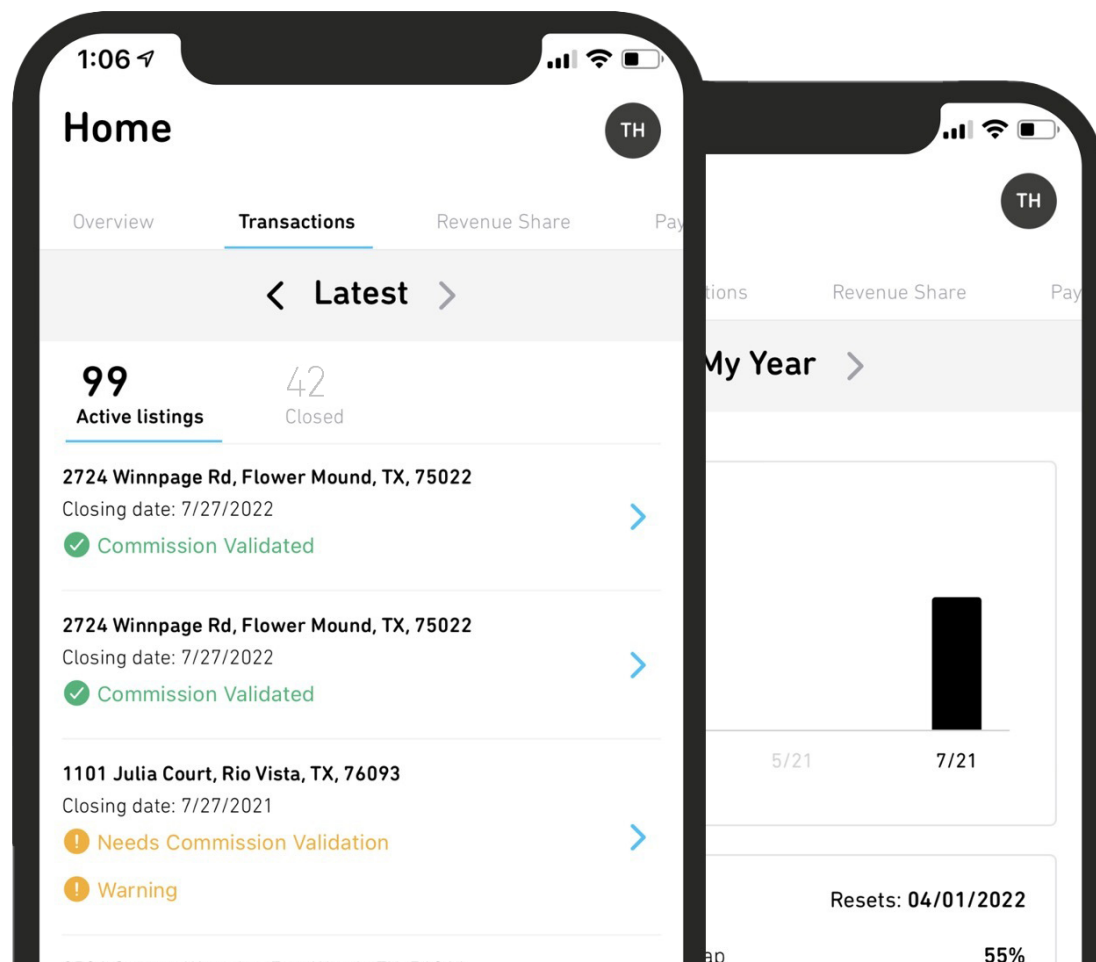
Geographic Expansion

- Launched operations into Alabama and British Columbia

Rapid Growth



The Real Platform



THE PLATFORM TODAY

Cloud-based app solution to manage pipeline, transaction, and commission — a nearly fully automated process in the U.S. which is the first of its kind in the industry, allowing for incredible scale.

In 2022, our 9-member transaction team processed [approximately 37,500 transactions](#), with the power of our technology.

Future Focus: Fixing Home Buying Experience

An outdated process riddled with problems that lack a technologically-enhanced end-to-end solution

Unpredictable

From a buyer's perspective, unforeseen issues seemingly pop up out of nowhere based on lack of awareness of potential outcomes

Chaotic

Requires interactions with multiple parties (lender, insurance, etc.) with communication through multiple channels

Nontransparent

No clear understanding of where you are in a seemingly complex and unintuitive process

Results in a **poor customer experience**.

Consumers want more **control** and **certainty** over the process.

The Real Solution

Building a better product and a better customer experience.

OUR VISION FOR THE FUTURE

Real is looking to build a one-stop shop solution to provide homebuyers with more:

- ✓ Predictability
- ✓ Organization
- ✓ Transparency

We believe that building a **simplified** and **technology-enhanced** consumer platform combined with the help of a Real agent is the industry solution of the future



Real vs. Other Brokerages

Robust technology and a strong platform drive performance

Real Vs. Brokerage Peers (as of Dec. 31, 2022)	The Real Brokerage	Anywhere Real Estate	eXp World Holdings	Redfin	Fathom	RE/MAX	Douglas Elliman	Compass	Peer Average
<i>Financial Performance</i>									
Q4 2022 Revenue Growth (y/y)	90%	(33%)	(13%)	(25%)	(13%)	(9%)	(38%)	(31%)	(23%)
Q4 2022 Gross Profit Growth (y/y)	100%	(41%)	(0%)	(65%)	(31%)	N.M.	(34%)	(29%)	(33%)
<i>Financial Position</i>									
Cash & Investments / Current Liabilities	1.4x	0.2x	1.4x	1.0x	0.7x	0.9x	1.8x	0.7x	0.9x
Total Debt / Assets (%)	0%	45%	0%	70%	1%	64%	0%	12%	27%
<i>Operating Performance</i>									
Total Agent Count (y/y)	113%	1%	21%	(19%)	28%	1%	6%	13%	7%
Q4 2022 Transaction Volume (y/y)	85%	(33%)	(13%)	(36%)	(14%)	N.A.	(43%)	(25%)	(27%)
2022 Transactions per Avg. Agent	6.2	3.7	6.5	N.M.	4.8	N.M.	4.0	7.7	5.3
2022 Total Revenue per Avg. Agent (\$'000)	\$63.3	\$20.6	\$58.4	N.M.	\$44.7	N.M.	\$172.1	\$219.6	\$103.1
Headcount Efficiency Ratio	69.5x	3.5x	42.8x	N.M.	37.2x	N.M.	7.2x	9.1x	19.9x

Conclusion: Real Recap

We believe Real benefits as a disruptor during an industry transformation
AND is positioned to benefit from fixing the homebuying process

Agent

Shift from
Archaic Brokerages
to Tech Brokerages

Consumer

Fixing homebuying
experience



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APPENDIX

Income Statement

THE REAL BROKERAGE, INC.
 CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
 (Expressed in thousands of U.S. dollars, except for per share amounts)
 (unaudited)

	<i>Three months ended December 31,</i>		<i>Twelve months ended December 31,</i>	
	2022	2021	2022	2021
Revenues	\$ 96,118	\$ 50,479	\$ 381,756	\$ 121,681
Commissions and other agent-related costs	87,898	46,371	349,806	110,587
Gross Profit	8,220	4,108	31,950	11,094
General & administrative expenses	7,121	3,378	24,155	10,573
Marketing expenses	7,061	3,790	22,674	7,808
Research and development expenses	1,002	682	4,867	3,979
Operating Loss	(6,964)	(3,742)	(19,746)	(11,266)
Other income	62	249	729	249
Listing expenses	(16)	-	(151)	-
Finance expenses, net	159	(352)	(1,167)	(662)
Net Loss	(6,759)	(3,845)	(20,335)	(11,679)
Net Income Attributable to Noncontrolling Interests	50	-	242	-
Net Loss Attributable to Owners of the Company	(6,809)	(3,845)	(20,577)	(11,679)
<i>Other comprehensive income/(loss):</i>				
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	128	(352)	(407)	(352)
Foreign currency translation adjustment	(58)	4	285	5
Total Comprehensive Loss Attributable to Owners of the Company	(6,739)	(4,193)	(20,699)	(12,026)
Total Comprehensive Income Attributable to NCI	50	-	242	-
Total Comprehensive Loss	(6,689)	(4,193)	(20,457)	(12,026)
<i>Loss per share</i>				
Basic and diluted loss per share	\$ (0.04)	\$ (0.02)	\$ (0.12)	\$ (0.07)

Balance Sheet

THE REAL BROKERAGE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of U.S. dollars)

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,846	\$ 25,818
Restricted cash	7,481	3,311
Investments in financial assets	7,892	8,811
Trade receivables	1,547	254
Other receivables	74	23
Prepaid expenses and deposits	529	448
TOTAL CURRENT ASSETS	28,369	38,665
NON-CURRENT ASSETS		
Intangible assets	3,708	451
Goodwill	10,262	602
Property and equipment	1,350	170
Right-of-use assets	73	109
TOTAL NON-CURRENT ASSETS	15,393	1,332
TOTAL ASSETS	43,762	39,997
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	474	54
Accrued liabilities	11,866	8,818
Customer deposits	7,481	3,311
Other payables	1,188	40
Lease liabilities	96	91
TOTAL CURRENT LIABILITIES	21,105	12,314
NON-CURRENT LIABILITIES		
Lease liabilities	-	40
Warrants outstanding	242	639
TOTAL NON-CURRENT LIABILITIES	242	679
TOTAL LIABILITIES	21,347	12,993
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS		
Share premium	63,204	63,397
Stock-based compensation reserve	25,083	6,725
Deficit	(50,704)	(30,127)
Other reserves	(469)	(347)
Treasury Stock, at cost	(14,962)	(12,644)
EQUITY ATTRIBUTABLE TO OWNERS	22,152	27,004
Non-controlling interests	263	-
TOTAL EQUITY	22,415	27,004
TOTAL LIABILITIES AND EQUITY	\$ 43,762	\$ 39,997

Adjusted EBITDA Reconciliation

THE REAL BROKERAGE, INC.
NON-GAAP NET INCOME (LOSS) TO ADJUSTED EBITDA RECONCILIATION
(Expressed in thousands of U.S. dollars)
(unaudited)

	<i>Three months ended December 31,</i>		<i>Twelve months ended December 31,</i>	
	2022	2021	2022	2021
Net Loss and Comprehensive Loss	(6,739)	(4,193)	(20,699)	(12,026)
<i>Add/(Deduct):</i>				
Finance Expenses, net	(159)	352	1,167	662
Net Income Attributable to Noncontrolling Interest	50	-	242	-
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	(128)	352	407	352
Foreign Currency Translation Adjustment	-	(5)	-	(5)
Depreciation	108	83	333	213
Stock-Based Compensation	3,222	494	8,510	5,207
Listing Expenses	16	(99)	151	356
Restructuring Expense	160	54	222	117
Other Professional Fees	456	-	762	-
Adjusted EBITDA	(3,014)	(2,962)	(8,905)	(5,124)

Statement of Cash Flows

THE REAL BROKERAGE, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(U.S. dollar in thousands)

	<i>For the Year Ended</i>	
	December 31, 2022	December 31, 2021
OPERATING ACTIVITIES		
Net Loss	\$ (20,335)	\$ (11,679)
Adjustments for:		
Depreciation	333	213
Equity-settled share-based payment	16,201	4,030
Finance costs	167	565
Gain on short term investments	-	(223)
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(1,293)	(137)
Other receivables	(51)	198
Prepaid expenses and deposits	(81)	(359)
Accounts payable	420	-
Accrued liabilities	5,316	5,789
Customer deposits	4,170	-
Other payables	1,148	3,287
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,995	1,684
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,408)	(172)
Acquisition of subsidiaries	(8,152)	(1,099)
Dividends received from equity instruments designated at FVTOCI	637	-
Proceeds on disposal of equity instruments held at FVTOCI	(125)	-
NET CASH USED IN INVESTING ACTIVITIES	(9,048)	(1,271)
FINANCING ACTIVITIES		
Investments in securities	-	(8,940)
Proceeds from exercise of warrants	-	26,475
Purchases of common shares for Restricted Share Unit (RSU) Plan	(8,060)	(12,644)
Stock Compensation Payable (RSU)	-	2,253
Proceeds from exercise of stock options	265	207
Payment of lease liabilities	(35)	(84)
Dividends paid for non-controlling interest	(19)	-
NET CASH USED IN FINANCING ACTIVITIES	(7,849)	7,267
Net change in cash, cash equivalents and restricted cash	(10,902)	7,680
Cash, cash equivalents and restricted cash, beginning of year	29,129	21,273
Fluctuations in foreign currency	100	176
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCE, ENDING BALANCE	\$ 18,327	\$ 29,129