



real

# Investor Presentation

November 2022

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 9/30/22 unless otherwise specified.

# The Real Brokerage

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

**REAX**

Dual listed on NASDAQ and TSX

**\$286M**

YTD '22 Revenues

**27,000+**

YTD '22 Transactions

**\$234M**

Market cap<sup>(1)</sup>

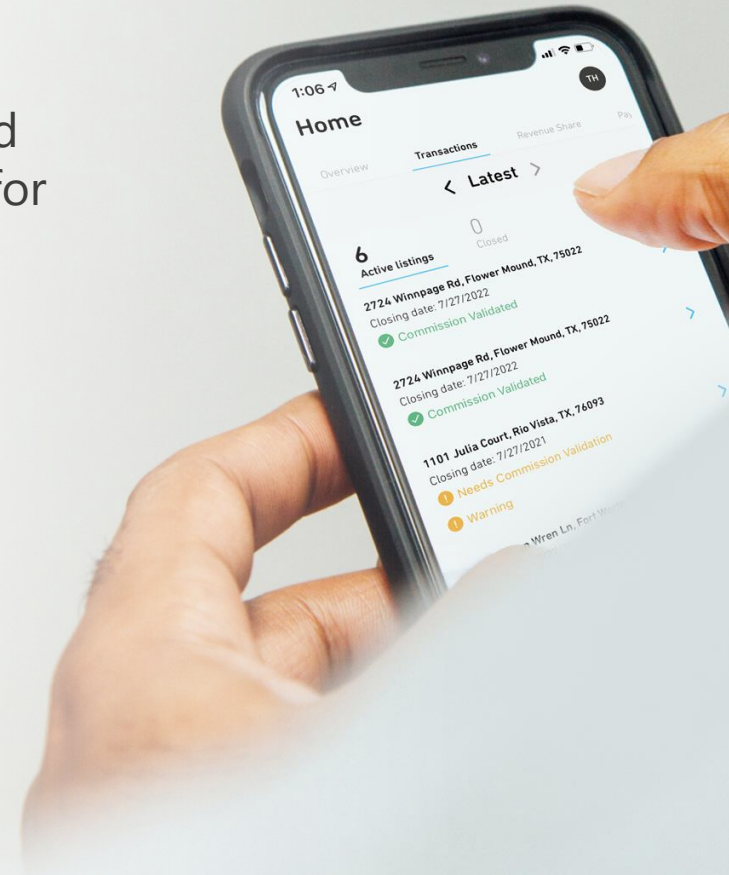
**7,000+**

Licensed Agents<sup>(2)</sup>

**44**

States<sup>(2)</sup>

+ DC  
+ Alberta  
+ Ontario  
+ British Columbia



# Substantial Market Opportunity

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

U.S. TAM - \$215B

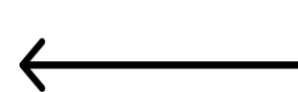
Other Real Estate Services - \$30B

Title Insurance & Escrow - \$35B

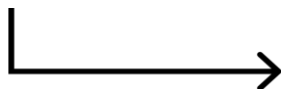
U.S. Residential Mortgage Commissions - \$50B

U.S. Residential Brokerage Commissions - \$100B

Recently purchased a nascent technology title company. Plans for further expansion into other ancillary services.



Recent expansion into Canada with future opportunities to continue to scale internationally.



"To start a company in residential real estate...Well, it's the largest asset class in the world **that's been completely unaffected by technology.**"

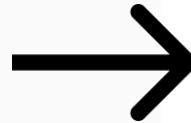
PETER THIEL, CO-FOUNDER OF PAYPAL,  
PALANTIR TECHNOLOGIES, AND FOUNDERS FUND

# A Large Industry Redistributed

As of October 2022, there are 1.6 million agents in the U.S., ~90% are with legacy brokerages that have had a dominant market share since the mid-1900s<sup>(1)</sup>. 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

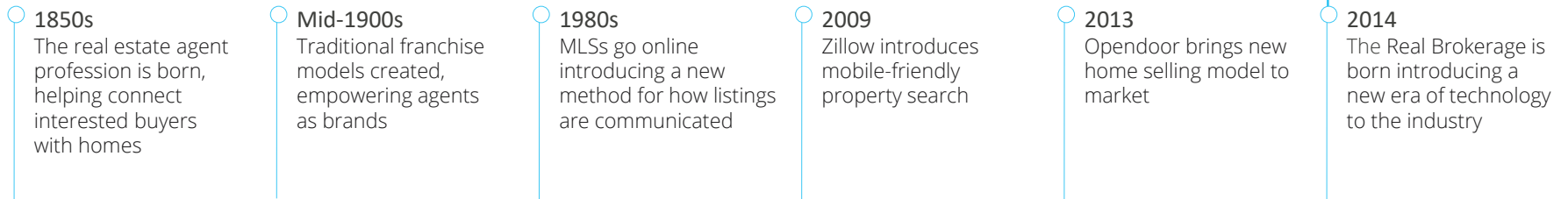


### Modern Agents Demand:

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

## Evolution of an Industry

### TIMELINE





# Q3 '22 Highlights

## Agent Productivity

### Growth Despite Tough Market

- Industry largely reported lower/flat growth but Real continues to grow (+188% y/y revenue growth)
- Demonstrates resiliency and attractiveness of model in a downturn

### reZEN 2.0 Live Across U.S. and Canada

- Proprietary technology platform that replaces third-party solutions
- The open platform enhances agent efficiency and heavily automates processes to support operational scale

### Hired New CMO, Dre Madden

- Focus on increasing brand awareness, corporate visibility, agent attraction events and agent marketing resources

## Corporate Development

### Canada Expansion

- Ontario was fastest growing region in Q3 (+91% q/q transaction growth)
- Subsequent to the end of Q3, launched operations into British Columbia
- Manitoba and Saskatchewan targeted for 1H23

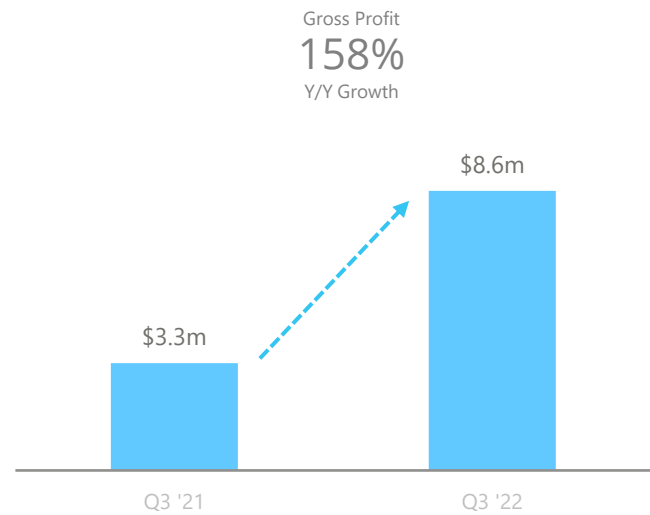
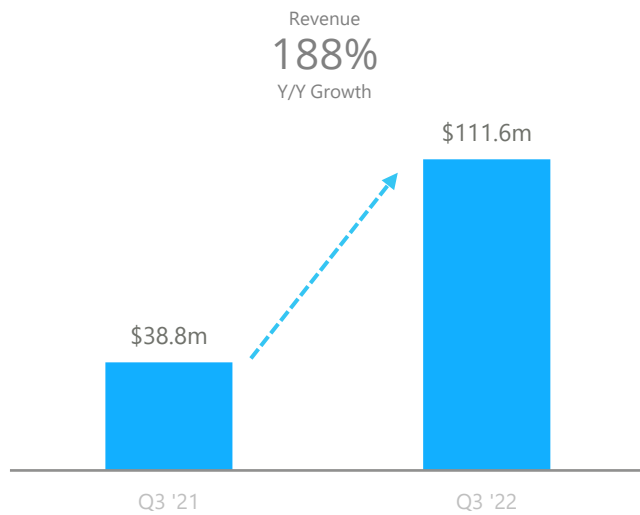
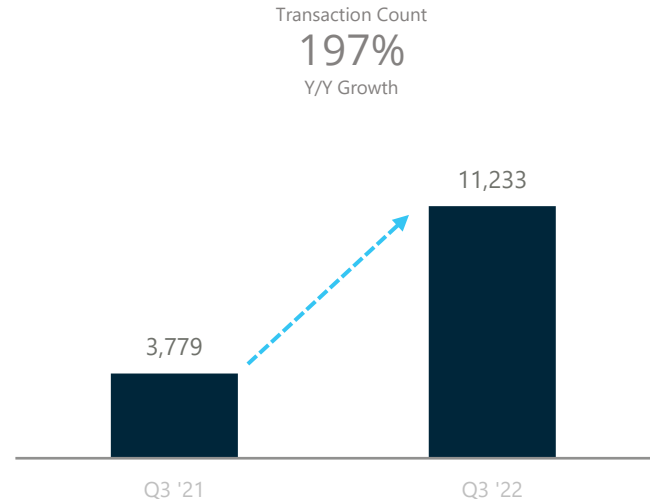
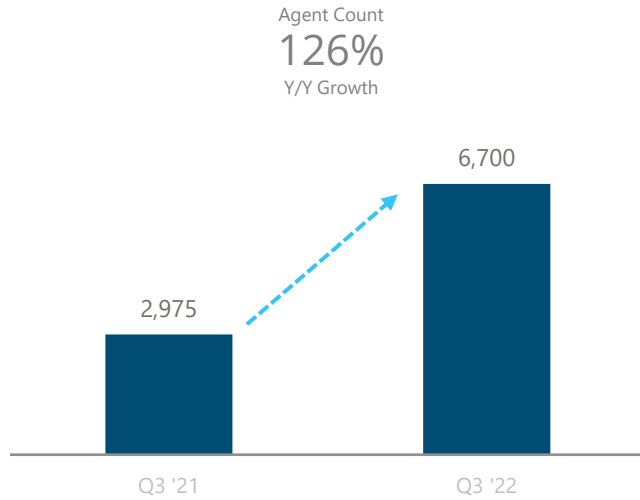
### Early Version of Consumer App in 1H23

- Announced pivotal step towards bringing one-stop-shop home buying vision to fruition
- Features conversational UX design, instant pre-approvals, and seamless Real Title selection

### Announced Mortgage Acquisition

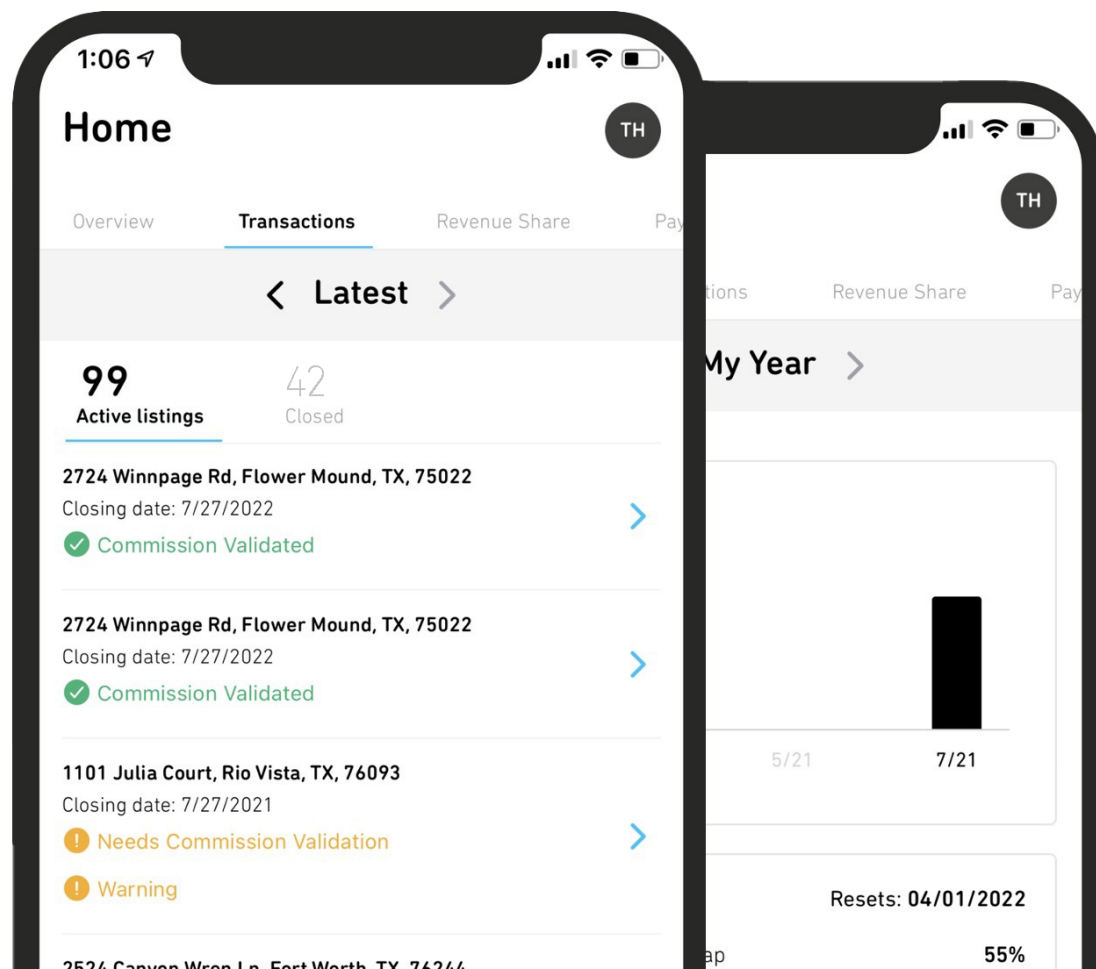
- Entering into the mortgage space via purchase of LemonBrew Lending
- Additional building block to support the consumer home buying experience

# 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 Q3 '22, our 8-member transaction team processed [over 11,000 transactions](#), with the power of our technology.

# Future Focus: Fixing a Broken Home Buying Experience

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

## Unpredictable

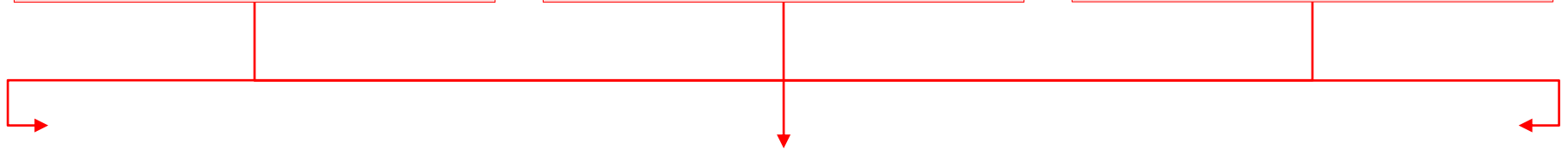
From a buyer's perspective, unforeseen issues seemingly pop up out of nowhere based on lack of awareness of potential outcomes

## 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

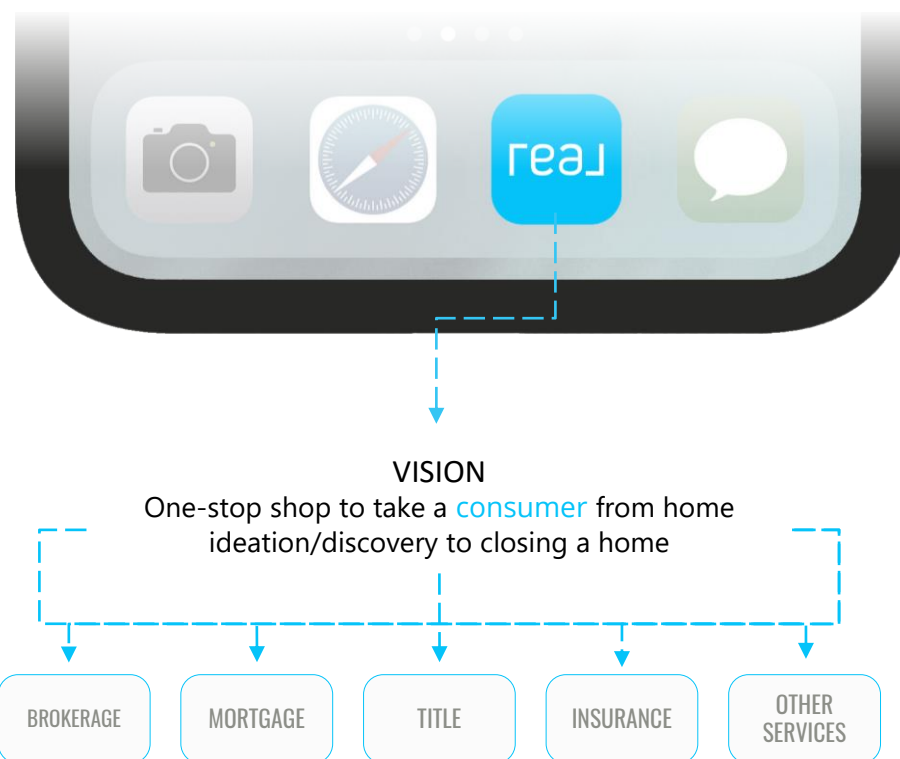
Building a better product and a better customer experience.

## OUR VISION FOR THE FUTURE

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

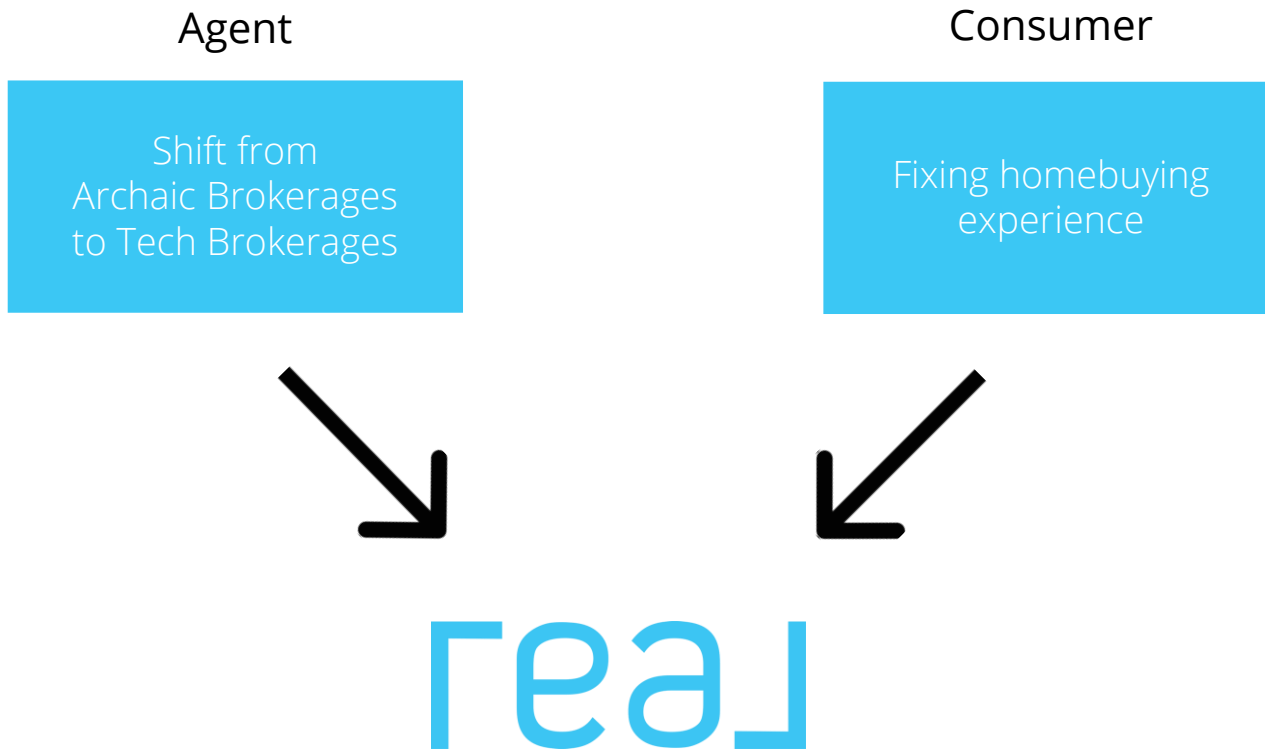
- ✓ Predictability
- ✓ Organization
- ✓ Transparency

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



# Conclusion: Real Recap

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



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# APPENDIX

# Income Statement

**The Real Brokerage Inc.**  
**Consolidated Statement of Loss and Comprehensive Loss**  
(In thousands)  
**UNAUDITED**

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue	111,633	38,798	285,638	71,202
Cost of sales	103,057	35,477	261,908	64,216
<b>Gross profit</b>	<b>8,576</b>	<b>3,321</b>	<b>23,730</b>	<b>6,986</b>
General & Administrative expenses	5,544	2,043	17,034	7,195
Marketing expenses	6,197	2,154	15,613	4,018
Research and development expenses	1,146	145	3,865	3,297
<b>Operating loss</b>	<b>(4,311)</b>	<b>(1,021)</b>	<b>(12,782)</b>	<b>(7,524)</b>
Other income	(231)	-	(667)	-
Listing expenses	135	-	135	-
Finance expenses, net	954	43	1,326	311
<b>Net Loss</b>	<b>(5,169)</b>	<b>(1,064)</b>	<b>(13,576)</b>	<b>(7,835)</b>
Non-controlling interest	78	-	192	-
<b>Net Loss Attributable to Owners of the Parent</b>	<b>(5,247)</b>	<b>(1,064)</b>	<b>(13,768)</b>	<b>(7,835)</b>
<i>Other comprehensive income/(loss):</i>				
Unrealized losses on available for sale investment portfolio	(142)	-	(535)	-
Foreign currency translation adjustment	(51)	-	343	-
<b>Comprehensive Loss Attributable to Owners of the Company</b>	<b>(5,440)</b>	<b>(1,064)</b>	<b>(13,960)</b>	<b>(7,835)</b>
<b>Comprehensive Income Attributable to NCI</b>	<b>78</b>	<b>-</b>	<b>192</b>	<b>-</b>
<b>Comprehensive Loss</b>	<b>(5,362)</b>	<b>(1,064)</b>	<b>(13,768)</b>	<b>(7,835)</b>
<b>Loss per Share</b>				
Basic and diluted loss per share	(0.03)	(0.01)	(0.08)	(0.05)
<b>Weighted-average shares, basic and diluted</b>	<b>179,466</b>	<b>165,700</b>	<b>179,320</b>	<b>165,700</b>

# Balance Sheet

**The Real Brokerage Inc.**  
**Consolidated Statement of Financial Position**  
(In thousands)  
*UNAUDITED*

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	21,943	29,082
Restricted cash	-	47
Investment securities available for sale at fair value	9,786	8,811
Trade receivables	783	254
Other receivables	74	23
Prepaid expenses and deposits	782	448
<b>Current assets</b>	<b>33,368</b>	<b>38,665</b>
Intangible assets	366	451
Goodwill	12,527	602
Property and equipment	1,019	170
Right-of-use assets	46	109
<b>Non-current assets</b>	<b>13,958</b>	<b>1,332</b>
<b>Total assets</b>	<b>47,326</b>	<b>39,997</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	14,090	6,604
Other payables	11,610	3,351
Lease liabilities	63	91
<b>Current liabilities</b>	<b>25,763</b>	<b>10,046</b>
Lease liabilities	-	40
Accrued stock-based compensation	7,922	2,268
Warrants outstanding	240	639
<b>Non-current liabilities</b>	<b>8,162</b>	<b>2,947</b>
<b>Total liabilities</b>	<b>33,925</b>	<b>12,993</b>
<b>Equity (Deficit)</b>		
Share premium	63,738	63,397
Stock-based compensation reserve	10,274	6,725
Deficit	(43,895)	(30,127)
Other Reserves	(539)	(347)
Treasury Stock, at cost	(16,390)	(12,644)
<b>Equity (Deficit) attributable to Owners</b>	<b>13,188</b>	<b>27,004</b>
Non-controlling interests	213	-
<b>Total liabilities and equity</b>	<b>47,326</b>	<b>39,997</b>

# Adjusted EBITDA Reconciliation

**The Real Brokerage Inc.**  
**Non-GAAP Net Income (loss) to Adjusted EBITDA Reconciliation**  
(In thousands)  
*UNAUDITED*

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net Income (loss)</b>	<b>(5,440)</b>	<b>(1,064)</b>	<b>(13,960)</b>	<b>(7,835)</b>
<i>Non operating expenses</i>				
Finance expenses, net	1,174	43	2,053	311
Depreciation	87	44	225	130
Stock-based compensation	2,057	(80)	5,288	4,713
Listing expenses	135	310	135	455
Restructuring expenses	62	3	62	63
Extraordinary expenses	25	-	306	-
<b>Adjusted EBITDA</b>	<b>(1,900)</b>	<b>(744)</b>	<b>(5,891)</b>	<b>(2,163)</b>



# Statement of Cash Flows

**The Real Brokerage Inc.**  
**Consolidated Statement of Cash Flows**  
(In thousands)  
**UNAUDITED**

	<i>Three months ended September 30,</i>		<i>Nine months ended September 30,</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>				
Loss for the period	(5,169)	(1,064)	(13,576)	(7,835)
Adjustments for:				
– Depreciation	87	42	225	129
– Equity-settled share-based payment transactions	1,113	(1,696)	2,324	2,920
– Listing expenses	-	(36)	-	(3)
– Gain on short term investments	10	-	(125)	-
– Finance costs (income), net	28	43	237	311
	(3,931)	(2,711)	(10,915)	(4,478)
Changes in:				
– Restricted Cash	-	-	47	-
– Trade receivables	(543)	(66)	(529)	(158)
– Other receivables	(8)	-	(51)	198
– Prepaid expenses and deposits	517	(385)	(334)	(471)
– Accounts payable and accrued liabilities	1,966	2,711	7,486	5,140
– Stock Compensation Payable (RSU)	1,603	757	5,654	1,069
– Other payables	(3,493)	728	8,259	984
<b>Net cash provided by (used in) operating activities</b>	<b>(3,888)</b>	<b>1,034</b>	<b>9,618</b>	<b>2,284</b>
<b>Cash flows from investing activity</b>				
Purchase of property and equipment	(302)	(22)	(927)	(65)
Acquisition of subsidiary	-	-	(7,445)	(1,100)
<b>Net cash provided by (used in) investing activity</b>	<b>(302)</b>	<b>(22)</b>	<b>(8,372)</b>	<b>(1,165)</b>
<b>Cash flows from financing activities</b>				
Investment in securities	(5,422)	-	(1,432)	(8,890)
Proceeds from exercise of Warrants	-	-	-	26,475
Purchases of Common Shares for Restricted Share Unit (RSU) Plan	(1,219)	(2,853)	(6,911)	(3,772)
Proceeds from exercise of stock options	26	37	73	47
Payment of lease liabilities	(23)	(21)	(68)	(62)
Cash distribution for non-controlling interest	(24)	-	(67)	-
<b>Net cash provided by financing activities</b>	<b>(6,662)</b>	<b>(2,837)</b>	<b>(8,405)</b>	<b>13,798</b>
<b>Net change in cash and cash equivalents</b>	<b>(10,852)</b>	<b>(1,825)</b>	<b>(7,157)</b>	<b>14,917</b>
Cash, beginning of period	32,520	37,951	29,082	21,226
Fluctuations in foreign currency	275	(49)	20	(66)
<b>Cash, end of period</b>	<b>21,943</b>	<b>36,077</b>	<b>21,943</b>	<b>36,077</b>
<b>Supplemental disclosure of non-cash activities</b>				
Cash grants payable as part of Expetitle acquisition	-	-	75	-
Share-based compensation as part of Expetitle acquisition	-	-	4,325	-
Release of vested common shares from benefits trust	2,107	-	3,433	-