A MILESTONE YEAR

2023

Annual report and MD&A

The Real Brokerage Inc.

Corporate Overview

The Real Brokerage Inc. ("Real") is a real estate technology company reshaping real estate for agents, home buyers, and sellers. Real combines essential real estate brokerage, mortgage and title services with powerful technology to deliver a single seamless end-to-end consumer experience, guided by trusted agents. With a presence in all 50 U.S. states and four Canadian provinces, Real supports over 16,000 agents who leverage its digital brokerage platform to power their own forward-thinking businesses.

Key 2023 Metrics

+81%

Revenue

Revenue increased 81% to $689.2 million in 2023, from $381.8 million in 2022.

+97%

Gross Profit

Gross profit increased 97% to $62.9 million in 2023, from $32.0 million in 2022.

+66%

Agents

Reached 13,650 agents as of December 2023, a 66% increase from December 2022.

+78%

Transactions

The total number of transactions closed on our platform grew to over 66,000 in 2023, a 78% increase compared with 2022.

+80%

Value of Homes Sold

The total value of homes sold increased to $25.9 billion in 2023, 80% higher than in 2022.

+232%

Cash from Operations

Cash from operating activities increased 232% to $19.9 million in 2023, from $6.0 million in 2022.

Dear Shareholder,

As we reflect on 2023, it is with a profound sense of pride and accomplishment that I share the strides Real has made in a year marked by both challenges and triumphs. Our record performance across all key metrics is a testament to our differentiated business model, the unparalleled value we offer to agents, the cutting-edge technology that underpins our operations, and most importantly, the collaborative culture we've nurtured since our inception.

Our dedication to empowering agents and enhancing the home buying and selling experience has never been stronger. In 2023 we celebrated the launch of the One Real consumer-facing app, our in-house AI-powered agent concierge, Leo, and announced the Real Wallet financial ecosystem. These innovations are designed to enrich the Real experience for both agents and their clients, reinforcing our philosophy that technology should be integral to a real estate brokerage, and not optional.

Financially, 2023 was a year of significant achievements. During the year we witnessed a staggering 80% increase in the total value of completed transactions, reaching $25.9 billion, combined with a 78% rise in the total number of transactions closed, which surpassed 66,000. Revenue surged by 81%, reaching a record $689.2 million, and supported an impressive 97% increase in gross profit, totaling $62.9 million. These achievements led to our first full year of positive Adjusted EBITDA, highlighting the strength and scalability of our business model, and our relentless focus on efficiency, profitability, and execution.

I'm excited that our agent base has continued to grow rapidly, ending 2023 at 13,650, and has since climbed to 16,000 as of March 2024. And now, with the formal launch of our innovative Private Label and ProTeams programs, we are making it easier than ever for independent brokerages and teams to join Real. This is particularly exciting as the housing market begins to show early signs of recovery.

We remain committed to further enhancing our technology platform, providing an expanded suite of tools and resources for agents and their clients, while also aggressively expanding our Mortgage and Title business lines, both of which we expect to contribute to improved margins and profitability in the quarters and years ahead. With unrestricted cash and investments of $28.9 million we are well capitalized to pursue our ambitious goals.

As we look forward to 2024, our vision is clear. We are committed to delivering continued growth and profitability, driving innovation, and continuing to lead the transformation of the industry. I am excited about the road ahead for Real, our agents, and our shareholders. Thank you for your continued support and belief in our mission.

Sincerely

Tamir Poleg

Chairman and Chief Executive Officer the Real Brokerage Inc.

THE REAL BROKERAGE INC.

THE REAL BROKERAGE INC.

Consolidated Financial Statements
December 31, 2023

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Deloitte.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of The Real Brokerage Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of The Real Brokerage Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Brightman Almagor Zohar & Co
Brightman Almagor Zohar & Co
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, Israel
March 14, 2024

We have served as the Company's auditor since 2014.

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

	As of	
	December 31, 2023	**December 31, 2022**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,707	$ 10,846
Restricted cash	12,948	7,481
Investments in financial assets	14,222	7,892
Trade receivables	6,441	1,547
Other receivables	63	74
Prepaid expenses and deposits	2,132	529
TOTAL CURRENT ASSETS	**50,513**	**28,369**
NON-CURRENT ASSETS		
Intangible assets	3,442	3,708
Goodwill	8,993	10,262
Property and equipment	1,600	1,350
Right-of-use assets	-	73
TOTAL NON-CURRENT ASSETS	**14,035**	**15,393**
TOTAL ASSETS	**64,548**	**43,762**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	571	474
Accrued liabilities	13,374	11,866
Customer deposits	12,948	7,481
Other payables	302	1,188
Lease liabilities	-	96
TOTAL CURRENT LIABILITIES	**27,195**	**21,105**
NON-CURRENT LIABILITIES		
Warrants outstanding	269	242
TOTAL NON-CURRENT LIABILITIES	**269**	**242**
TOTAL LIABILITIES	**27,464**	**21,347**
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS		
Share premium	62,567	63,204
Stock-based compensation reserves	52,937	25,083
Deficit	(78,205)	(50,704)
Other reserves	(167)	(469)
Treasury stock, at cost	(257)	(14,962)
EQUITY ATTRIBUTABLE TO OWNERS	**36,875**	**22,152**
Non-controlling interests	209	263
TOTAL EQUITY	**37,084**	**22,415**
TOTAL LIABILITIES AND EQUITY	**64,548**	**43,762**

The accompanying notes form an integral part of the consolidated financial statements.

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

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Revenues	$ 689,158	$ 381,756
Commissions and other agent-related costs	626,285	349,806
Gross Profit	**62,873**	**31,950**
General and administrative expenses	42,913	24,155
Marketing expenses	38,611	22,674
Research and development expenses	7,359	4,867
Operating Loss	**(26,010)**	**(19,746)**
Other income (expenses), net	(587)	729
Listing expenses	-	(151)
Finance expenses, net	(619)	(1,167)
Net Loss	**(27,216)**	**(20,335)**
Net income attributable to noncontrolling interests	285	242
Net Loss Attributable to the Owners of the Company	**(27,501)**	**(20,577)**
Other comprehensive income/(loss), ***Items that will be reclassified subsequently to profit or loss:***		
Cumulative (gain)/loss on investments in debt instruments classified as FVTOCI reclassified to profit or loss	330	(407)
Foreign currency translation adjustment	(28)	285
Total Comprehensive Loss Attributable to Owners of the Company	**(27,199)**	**(20,699)**
Total Comprehensive Income Attributable to NCI	285	242
Total Comprehensive Loss	**(26,914)**	**(20,457)**
Loss per share		
Basic and diluted loss per share	**$ (0.15)**	**$ (0.12)**
Weighted-average shares, basic and diluted	**178,127**	**178,201**

The accompanying notes form an integral part of the consolidated financial statements.

THE REAL BROKERAGE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(U.S. dollar in thousands)

	Share Premium	Stock-Based Compensation Reserve	Foreign Exchange Translation Reserve	Investments Revaluations Reserve	Deficit	Treasury Stock	Equity Attributable to Owners	Non-Controlling Interests	Total Equity
Balance at, January 1, 2023	63,204	25,083	290	(759)	(50,704)	(14,962)	22,152	263	22,415
Total loss and income	-	-	-	-	(27,501)	-	(27,501)	285	(27,216)
Total other comprehensive loss	-	-	(28)	330	-	-	302	-	302
Member draws	-	-	-	-	-	-	-	(339)	(339)
Acquisitions of commons shares for Restricted Share Unit (RSU) plan	-	-	-	-	-	(2,865)	(2,865)	-	(2,865)
Release of treasury shares	(17,570)	-	-	-	-	17,570	-	-	-
Issuance of Restricted Share Units	16,407	(16,407)	-	-	-	-	-	-	-
Exercise of stock options	888	(386)	-	-	-	-	502	-	502
Shares withheld for taxes	(362)	-	-	-	-	-	(362)	-	(362)
Equity-settled share-based payment	-	44,647	-	-	-	-	44,647	-	44,647
Balance at, December 31, 2023	**62,567**	**52,937**	**262**	**(429)**	**(78,205)**	**(257)**	**36,875**	**209**	**37,084**
Balance at, January 1, 2022	**63,397**	**6,725**	**5**	**(352)**	**(30,127)**	**(12,644)**	**27,004**	**-**	**27,004**
Total loss and income	-	-	-	-	(20,577)	-	(20,577)	242	(20,335)
Total other comprehensive loss	-	-	285	(407)	-	-	(122)	-	(122)
Acquisitions of commons shares for Restricted Share Unit (RSU) plan	-	-	-	-	-	(8,060)	(8,060)	-	(8,060)
Release of treasury shares	(5,742)	-	-	-	-	5,742	-	-	-
Issuance of Restricted Share Units	4,886	(4,886)	-	-	-	-	-	-	-
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	244	21	265
Exercise of stock options	663	(398)	-	-	-	-	4,775	-	4,775
Shares issue as part of Expetitle and LemonBrew Acquisitions	-	4,775	-	-	-	-	21	-	21
Equity-settled share-based payment	-	18,867	-	-	-	-	18,867	-	18,867
Balance at, December 31, 2022	**63,204**	**25,083**	**290**	**(759)**	**(50,704)**	**(14,962)**	**22,152**	**263**	**22,415**

The accompanying notes form an integral part of the consolidated financial statements.

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

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
OPERATING ACTIVITIES		
Net Loss	$ (27,216)	$ (20,335)
Adjustments for:		
Depreciation and amortization	1,128	333
Impairment of goodwill	723	-
Equity-settled share-based payments	38,403	16,201
Finance costs	91	167
Changes in operating asset and liabilities:		
Trade receivables	(4,894)	(1,293)
Other receivables	11	(51)
Prepaid expenses and deposits	(1,603)	(81)
Accounts payable	97	420
Accrued liabilities	7,752	5,316
Customer deposits	5,467	4,170
Other payables	(86)	1,148
NET CASH PROVIDED BY OPERATING ACTIVITIES	**19,873**	**5,995**
INVESTING ACTIVITIES		
Purchase of property and equipment	(629)	(1,408)
Acquisition of subsidiaries *(Note 4 and 5)*	-	(8,152)
Investment deposits in debt instruments held at FVTOCI	(6,847)	(125)
Investment withdrawals in debt instruments held at FVTOCI	847	637
NET CASH USED IN INVESTING ACTIVITIES	**(6,629)**	**(9,048)**
FINANCING ACTIVITIES		
Purchase of common shares for Restricted Share Unit (RSU) Plan	(2,865)	(8,060)
Shares withheld for taxes	(362)	-
Proceeds from exercise of stock options	502	265
Payment of lease liabilities	(96)	(35)
Cash payment for contingent consideration	(800)	-
Dividends paid to non-controlling interest	(339)	(19)
NET CASH USED IN FINANCING ACTIVITIES	**(3,960)**	**(7,849)**
Net change in cash, cash equivalents and restricted cash	9,284	(10,902)
Cash, cash equivalents and restricted cash, beginning of year	18,327	29,129
Fluctuations in foreign currency	44	100
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCE, ENDING BALANCE	**$ 27,655**	**$ 18,327**
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Share-based compensation as part of Expetitle consideration	-	4,325
Share-based compensation as part of LemonBrew consideration	-	450

The accompanying notes form an integral part of the consolidated financial statements

1. GENERAL INFORMATION

The Real Brokerage Inc. ("**Real**" or the "**Company**") is a growing real estate technology company located in the United States and Canada. Real is taking a first principles approach to redefining the role of a real estate brokerage in the lives of agents and within the broader housing ecosystem. The Company focuses on developing technology to enhance real estate agent performance while building a scalable, efficient brokerage operation that is not dependent on a cost-heavy brick and mortar presence in the markets in which Real operates. Real's goal is to establish the Company as the destination brokerage for agents, by offering an unmatched combination of technology, support, and financial incentives. Real's vision is to transform home buying under the guidance of an agent via an integrated consumer portal and app, while growing attachment of ancillary services including mortgage brokerage and title insurance. Concurrently, Real plans to expand its suite of tools and products tailored for agents, including mobile banking, payment solutions, and wealth management tools, to facilitate their journey towards generational wealth.

The consolidated operations of Real include the subsidiaries of Real, including those involved in the brokerage, title and mortgage broker operations.

On May 17, 2021, the TSX Venture Exchange (the "**TSXV**") accepted the Company's Notice of Intention to implement a normal course issuer bid ("**NCIB**"). On May 19, 2022, the Company announced that it renewed its NCIB to be transacted through the facilities of the NASDAQ Capital Market ("**NASDAQ**") and other stock exchanges and/or alternative trading systems in the United States and/or Canada. Pursuant to the NCIB, Real was able to purchase up to 8.9 million common shares of the Company ("**Common Shares**"), representing approximately 5% of the total 178.3 million Common Shares issued and outstanding as of May 19, 2022. On May 24, 2023, the Company announced that it renewed its NCIB pursuant to which, Real may purchase up to approximately 9.0 million Common Shares, representing approximately 5% of the total 180 million Common Shares issued and outstanding as of May 18, 2023. Purchases are made at prevailing market prices and may be conducted during the twelve-month period ended May 28, 2024.

The NCIB is being conducted to acquire Common Shares for the purposes of satisfying restricted share unit (each, an "**RSU**") obligations. The Company appointed CWB Trust Services (the "**Trustee**") as the trustee for the purposes of arranging the acquisition of Common Shares and to hold the Common Shares in trust for the purposes of satisfying RSU payments as well as to deal with other administrative matters. Through the Trustee, RBC Capital Markets was engaged to undertake purchases under the NCIB.

During the year ended December 31, 2023, the Company repurchased 2 million Common Shares in the amount of $2.9 million.

On June 15, 2021, the Company's Common Shares commenced trading on the NASDAQ under the symbol "REAX". On July 26, 2022, the Company's Common Shares commenced trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "REAX".

On July 28, 2023, the Company announced that its application for a voluntary delisting of its Common Shares from the TSX had been approved by the Company's Board of Directors and the TSX. The Common Shares were delisted from the TSX effective as of close of markets on August 11, 2023. The Common Shares continue to be listed and traded on the "NASDAQ under the symbol "REAX".

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the annual consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2022.

A. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 2024.

B. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 of each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure subsidiaries' accounting policies are in line with Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Company and its subsidiaries are eliminated on consolidation.

C. Functional and presentation currency

These consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousands of dollars, unless otherwise noted.

D. Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the income statement for determination of net profit or loss during the period.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations and cash flows are translated using average exchange rates during the period. Any differences arising on such translation are recognized in other comprehensive income. Such differences are included in the foreign currency translation reserve "FCTR" within other components of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

E. Operating segments

The Company uses judgement in determining its operating segments by taking into consideration the Chief Operating Decision Maker's ("CODM") assessment of overall performance and decisions such as resource allocations and delegation of authority.

The segment information disclosed in these consolidated Financial Statements reflects historical results consistent with the identifiable reportable segments of Real Brokerage Inc. and financial information that the Chief Operating Decision Maker ("CODM") reviews to evaluate segmental performance and allocate resources among the segments. The CODM is the Company's Chief Executive Officer.

Detailed segment information is disclosed in *Note 8*.

F. Revenue from contracts with customers

The Company generates substantially all its revenue from commissions from the sale of real estate properties. Other sources of revenue relate to ancillary services.

The Company is contractually obligated to provide services for the fulfillment of transfer of real estate between agents, buyers, and sellers. The Company satisfies its performance obligations through closing of a transaction and provides services between the agents and buyers and sellers as a principal. Accordingly, the Company recognizes revenues in the gross amount of consideration, to which it expects to be entitled to.

Please see *Note 6* for more information about the Company's revenues from contracts with customers.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue upon the satisfaction of its performance obligation when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies.

Type of product or service	Nature of timing of satisfaction of performance obligations including significant payment terms	Revenue recognition policies
Commissions from real estate contracts	Customers obtain control of real estate property on the closing date, which is ordinarily when consideration is received	Revenue is recognized at a point in time as the purchase agreement is closed and the sale is executed
Title Fees (Escrow and Title Insurance)	Customers obtain control of real estate property on the closing date, which is ordinarily when consideration is received	Revenue is recognized at a point in time when the transaction is closed and paid
Mortgage Broker	Customers obtain control of real estate property on the closing date, which is ordinarily when consideration is received	Revenue is recognized at a point in time when the loan has been funded

G. Share-based compensation

The Company's real estate agents receive remuneration in the form of share-based compensation, whereby those agents are entitled to restricted share units. In addition, the Company grants its employees and members of the board of directors remuneration in the form of share-based compensation, whereby employees and the board of directors render services in consideration for equity instruments.

Share-based payment arrangements

The grant-date fair value excluding the effect of non-market equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Restricted share unit plan

Under the restricted share unit plans, eligible participants receive restricted share units (RSUs), which generally vest over a period of up to four years. The expense in relation to RSUs earned in recognition of service performance conditions is recognized at grant-date fair value during the applicable vesting period based on the best available estimate of the number of equity instruments expected to vest with a corresponding increase in equity. RSUs granted under the agent stock purchase plan are fully vested at grant date. The expense in relation to such RSUs is recognized at grant-date fair value with a corresponding increase in equity. Please see *Note 10.D* for more information about the Company's restricted share unit.

H. Income tax

Income tax expenses comprise of current and deferred tax. It is recognized in profit or loss, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is comprised of expected payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

I. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (significant components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Computer equipment:	3 years
Furniture and fixtures:	5-10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

J. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized on the Company's consolidated statements of financial position when Real becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification and subsequent measurement

<u>Financial assets – Policy</u>

Financial Assets:

Financial assets are comprised of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, restricted cash, and other financial assets.

Initial recognition:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

<u>Financial assets measured at amortized cost:</u>

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Income.

The Company while applying above criteria has classified the following financial assets at amortized cost

- Trade receivables

- Other financial assets.

<u>Financial assets at fair value through other comprehensive income (FVTOCI):</u>

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognized in other comprehensive income.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as Financial assets at fair value through profit or loss (FVTPL):

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Financial assets – Business model assessment</u>

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows;

– how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and the expectations of future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows or the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented on the consolidated statements of financial position, only when the Company has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

K. Share capital

i. Share Premium

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transactions costs of an equity transaction are accounted for in accordance with IAS 12.

ii. Non – controlling interests

Non-controlling interests represents the portion of net income and net assets which the Company does not own, either directly or indirectly. It is presented as "Attributable to non-controlling interests" separately in the Consolidated Statements of Loss, and separately from shareholders' equity in the Consolidated Statements of Financial Position.

L. Cash and Cash Equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Company is subject to third party contractual restrictions are included in Restricted cash in the statement of financial position. Restricted cash consists of cash held in escrow by the Company's brokers and agents on behalf of real estate buyers. The Company recognizes a corresponding customer deposit liability until the funds are released. Once the cash is transferred from escrow, the Company reduces the respective customers' deposit liability.

M. Goodwill

Goodwill is the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed in a business combination. Goodwill is tested annually for impairment, or more regularly if certain indicators are present. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) that are expected to benefit from the synergies of the combination and represent the lowest level at which the goodwill is monitored for internal management purposes. The recoverable amount is the higher of the fair value less cost to sell and the value in use; where the value in use is the present value of the future cash flows. Goodwill is evaluated for impairment by comparing the recoverable amount of the Company's operating segments to the carrying amount of the operating segments to which the goodwill relates. If the recoverable amount is less than the carrying amount an impairment charge is determined. We review goodwill for impairment on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that indicate goodwill may be impaired. For the year ended December 31, 2023 and 2022, we performed an assessment of goodwill related to our previous business acquisition which resulted in an impairment charge for the year ended December 31, 2023. (See *Note 4*. "Expetitle Acquisition").

N. Intangible Assets

The Company's intangible assets are finite lived and consist primarily of customer relationships. The Company evaluates its intangible assets for recoverability and potential impairment, or as events or changes in circumstances indicate the carrying value may be impaired.

O. Impairment

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized in the consolidated statement of loss and other comprehensive loss consistent with the function of the assets, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal each reporting period.

P. Provisions

Provisions are recognized when present (legal or constructive) obligations as a result of a past event will lead to a probable outflow of economic resources and amounts can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered remote, no liability is recognized.

Q. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements (i.e. changes in lease term) of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

As of December 31, 2023, the Company is not engaged in long term operational or capital lease arrangements for which right of use asset and lease liability were recognized.

R. Business combinations

Business combinations are accounted for under the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations', are recognized at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standards.

Goodwill is recognized when the fair value of purchase consideration and non-controlling interests exceeds the fair value of identifiable net assets acquired on the acquisition date. Goodwill arising on acquisitions is reviewed for impairment annually. Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the Company assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the surplus is credited to the consolidated statements of profit or loss in the period of acquisition.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalized within twelve months of the acquisition date.

Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called measurement period adjustments. The measurement period does not exceed twelve months from the acquisition date.

Any non-controlling interest in an acquiree is measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This accounting choice is made on a transaction-by-transaction basis.

Acquisition expenses are charged to consolidated statements of profit or loss.

If the Company acquires a group of assets in a company that does not constitute a business in accordance with IFRS 3, the cost of the acquired group of assets is allocated to the individual identifiable assets acquired based on their relative fair value.

S. Revenue Share

The Company has a revenue sharing plan where its agents and brokers can receive additional commission income from real estate transactions consummated by agents and brokers they have attracted to the Company. Agents and brokers are eligible for revenue share based on the number of qualifying active agents they have attracted to the Company. Revenue sharing payments are included as part of Marketing Expenses in the consolidated statements of loss and other comprehensive loss.

T. Warrants Accounting

Warrants are a financial instrument that allow the holder to purchase stock of the issuer at a specified price during the warrant term. The Company classifies a warrant to purchase shares of its common stock as a liability on its consolidated statements of financial position as this warrant is a free-standing financial instrument that may require the Company to transfer consideration upon exercise. Each warrant is initially recorded at fair value on date of grant using the Black-Scholes model and net of issuance costs, and it is subsequently re-measured to fair value at each subsequent balance sheet date. Changes in fair value of the warrant are recognized as a component of other income (expense), net in the consolidated statement of operations and comprehensive loss. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrant. The warrant holder have the ability to exercise 184,227 warrants at an exercise price of $1.36 CAD.

U. Treasury Share

Company shares held by the Company are recognized at cost of purchase and presented as a deduction from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

During the year ended December 31, 2023, the Company purchased 2 million Common Shares which were classified as Treasury shares and held in the CWB Trust.

V. Accounting policy development

New and amended IFRS Accounting Standards that are effective for the current year

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgements and IAS 8, Accounting Polices, Changes in Accounting Estimates and Errors. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. We have assessed the impacts of the amended standards, which have had no material effect on our financial disclosures by the application of the amendments.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these consolidated financial statements, management has made judgments estimates and assumptions that affect the application of the Company's accounting policies which are described in *Note 2* and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

– *Deferred taxes*

Deferred tax assets are recognized only if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgment is made by management on an ongoing basis and is based on budgets and business plans for the coming years. These budgets and business plans are reviewed and approved by the Board of Directors. Since inception, the Company has reported losses, and consequently, the Company has unused tax losses. The deferred tax assets are currently not deemed to meet the criteria for recognition as management is not able to provide any convincing positive evidence that deferred tax assets should be recognized. Therefore, management has concluded that deferred tax assets should not be recognized on December 31, 2023.

– *Goodwill*

Goodwill is assessed annually for impairment, or more frequently if there are indicators of impairment, by comparing the carrying value of the CGU to which these assets are allocated to their recoverable amounts. The company principally uses discounted cash flows to estimate the recoverable amount of a CGU to which goodwill has been allocated, and market approaches inclusive of a control premium are used when applicable. Significant judgments and assumptions are required to determine the recoverable amount of a CGU, including forecasted cash flows, discount rates, long term growth rates. The recoverable amount is subject to sensitivity analysis given the uncertainty in preparing forecasts. Details of goodwill including the results of annual impairment tests, are presented in *Note 14*.

– *Stock options*

In estimating the fair value of stock options granted to employees we use the Black-Scholes model which requires management to make significant assumptions including the expected life of the stock options, volatility and risk-free interest rate. The assumptions used to estimate the fair value of the stock options are disclosed in *Note 10*.

4. EXPETITLE ACQUISITION

On January 20, 2022, the Company completed the acquisition of 100% of the issued and outstanding equity interests of Expetitle, Inc. ("**Expetitle**") pursuant to a stock purchase agreement (the "**Expetitle Transaction**"). Expetitle had developed technology that simplifies the paper-intensive and time-intensive title and escrow processes, reducing errors and saving time. As part of the Expetitle Transaction, the Company also acquired 51% ownership of five subsidiaries of Expetitle. The noncontrolling ownership interest in these five subsidiaries of Expetitle recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $21 thousand. The aggregate purchase price for 100% of the issued and outstanding equity interests of Expetitle was comprised of cash consideration of $7.4 million payable at the closing of the Expetitle Transaction and contingent consideration of $600 thousand in cash subject to escrow, that would be released after twelve (12) months upon the satisfaction or waiver of the following terms and conditions: (i) the key employees remain in their current position with the Company for at least twelve (12) months after the closing of the Expetitle Transaction and (ii) Expetitle will become licenced to operate in at least fifteen states, including the then current states of operation, Florida, Georgia, and Texas. In addition, certain Expetitle employees were entitled to a cash payment of $200 thousand subject to the same terms as set out for the contingent consideration. The contingent terms were met and the $800 thousand that was in escrow was released on January 23, 2023.

As part of the Expetitle Transaction, Real granted an aggregate of 700 thousand incentive stock options ("**Options**") and an aggregate of 1.1 million RSUs to shareholders of Expetitle and employees of the Expetitle team. The fair value of those Options was $4.8 million from which $4.3 million was determined to be part of the consideration and $451 thousand that was recorded immediately to the statement of loss and comprehensive loss as post transaction employee compensation which vests immediately. The Options are exercisable for a period of 3 years at $3.60 per Common Share. In addition, and as part of the transaction, the Company provided cash payments to the Expetitle employees in the aggregate amount of $168 thousand.

We have completed the valuation of the acquired assets and assumed liabilities and have assigned $3.4 million as the fair value of the Company's developed technology and $8.4 million as the residual goodwill. Goodwill represents expected synergies, future income and growth potential, and other intangibles that do not qualify for separate recognition. None of the goodwill arising from this acquisition is deductible for tax purposes.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed, total consideration, and cash flow related to the Expetitle Transaction (in thousands):

	Balance at January 21, 2022
Recognized amounts of assets acquired and liabilities assumed	
Cash	80
Other Current Assets	42
In Trust Cash	960
Goodwill	8,393
Intangible Assets	3,364
Accounts Payables and Accrued Liabilities	(103)
Held in Trust Funds	(960)
Payables Other	(19)
Net Assets Acquired	**11,757**
Cash Flow	
Total Consideration	(11,757)
Acquired Cash	80
Equity-settled share-based payment	4,325
Cash from Investing Activities	**(7,352)**

The Company conducted an impairment test on its acquired goodwill during the fiscal year ended December 31, 2023. The test was performed in accordance with the requirements of IAS 36, Impairment of Assets. As a result of the impairment test, it was determined that the carrying amount of goodwill related to the Expetitle acquisition exceeded its recoverable amount. Consequently, the Company recognized a goodwill impairment loss of $723 thousand during the fiscal year ended December 31, 2023.

5. LEMONBREW LENDING ACQUISITION

On December 9, 2022, pursuant to the terms of a share purchase agreement dated September 23, 2022 between the Company, LemonBrew Lending Corp. ("**LemonBrew Lending**") and LemonBrew Technologies Corp. ("**LemonBrew Technologies**"), the Company acquired 100% of the issued and outstanding equity interests of LemonBrew Lending from the seller for an aggregate purchase price of $1.25 million (the "**LemonBrew Transaction**"). The purchase price was satisfied by (i) cash in the amount of $800 thousand and (ii) the issuance of 351,837 Common Shares (the "**Consideration Shares**") at a deemed issued price of $1.279 per share. The issued price of the Consideration Shares is equal to the product of $450,000 divided by the 5-day volume weighted average trading price of the Common Shares on the NASDAQ immediately prior to the closing of the LemonBrew Transaction.

In connection with the closing of the LemonBrew Transaction, the Company entered into agreements with management and key employees of LemonBrew Lending (the "**LemonBrew Key Employee Agreements**"). The LemonBrew Key Employment Agreements provide for performance-based milestone payments of $2.5 million payable over 36 months following the closing of the LemonBrew Transaction, of which $2 million will be payable in cash and $500 thousand will be payable in RSUs of the Company. The performance-based milestones are:

- LemonBrew achieving at least $500 thousand in EBITDA for the first 12-month period following closing, $1 million in EBITDA for the second 12-month period following closing, and $2 million in EBITDA for the third 12-month period following closing; and
- Certain employees remaining in their roles to be established with Real during the transaction

These performance-based payments are considered separate from the aggregate purchase price. Management believes it is a highly unlikely that the performance-based milestones will be achieved and has not recognized any expenses related to the performance-based milestone payment.

The Company has determined that the LemonBrew Transaction meets the definition of business combinations within the scope of IFRS 3, Business Combination. The Company has completed the valuation of the acquired assets and assumed liabilities and have assigned $529 thousands as the fair value of the Company's intangible assets and $721 thousands as the residual goodwill. Goodwill represents expected synergies, future income and growth potential, and other intangibles that do not qualify for separate recognition. None of the goodwill arising from this acquisition is deductible for tax purposes.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed, total consideration, and cash flow related to the LemonBrew Transaction (in thousands) following the completion of the purchase price allocation:

	Balance at December 9, 2022
Recognized amounts of assets acquired	
Intangible Assets	529
Goodwill	721
Net Assets Acquired	**1,250**
Consideration	
Cash	800
Common shares issued	450
Total Consideration	**1,250**
Cash Flow	
Total Consideration	(1,250)
Equity-settled share-based payment	450
Cash From Investing Activities	**(800)**

6. REVENUE

In the following table, revenue (in thousands) from contracts with customers is disaggregated by major service lines.

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Main revenue streams		
Commissions	684,873	379,868
Title	2,990	1,869
Mortgage Income	1,295	19
Total Revenue	**689,158**	**381,756**

7. EXPENSES BY NATURE

In the following table, cost of sales represents real estate commissions paid to the Company's agents, as well as to outside brokerages in Canada, and Title Fee Expenses (in thousands).

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Commissions and other agent-related costs	**626,285**	**349,806**
Operating Expenses		
General and Administrative Expenses	**42,913**	**24,155**
Salaries and Benefits	18,940	11,733
Stock Based Compensation	8,607	2,778
Administrative Expenses	3,244	1,803
Professional Fees	8,425	5,893
Depreciation Expense	1,128	333
Other General and Administrative Expenses	2,569	1,615
Marketing Expenses	**38,611**	**22,674**
Salaries and Benefits	767	478
Stock Based Compensation for Employees	14	1
Stock Based Compensation for Agents	7,780	5,519
Revenue Share	27,905	14,975
Other Marketing and Advertising Cost	2,145	1,701
Research and Development Expenses	**7,359**	**4,867**
Salaries and Benefits	3,749	2,012
Stock Based Compensation	440	212
Other Research and Development	3,170	2,643
Total Cost of Sales and Operating Expenses	**715,168**	**401,502**

Finance Expenses

The following table provides a detailed breakdown of Finance costs (in thousands) as reported in the consolidated Statement of Income (Loss):

	For the Year Ended	
Description	**December 31, 2023**	**December 31, 2022**
Unrealized Losses (Gains)	27	(397)
Realized Losses (Gains)	(3)	24
Bank Fees	528	400
Finance Costs	68	540
Remeasurement of contingent consideration	-	600
Total Finance Expenses	**619**	**1,167**

8. OPERATING SEGMENTS DISCLOSURES

The businesses of the Company is divided operationally into three identified operating segments: North American Brokerage, Real Title and One Real Mortgage. North American Brokerage generates revenue by processing real estate transactions which entitles the Company to commissions. Real Title generates revenue by offering title insurance and closing services for residential and/or commercial transactions. One Real Mortgage derives revenue from premiums associated with facilitating mortgage transactions between borrowers and lenders.

The Company has determined that it operates as a single reporting segment - North American Brokerage which comprises of more than 90% of Group's total revenue and net loss. The other two segments Real Title and One Real Mortgage are not considered as reporting segments as their revenue and net loss do not meet quantitative threshold set for reporting segments. These two segments are disclosed in an 'other segments' category below.

The presentation in this note for prior periods have been restated based on the current segment reporting.

Segment performance is evaluated based on income (loss) from operations and is measured consistently with income or loss in the consolidated financial statements.

The following table present significant information about the Company's reportable operating segments as reported to the Company's CODM:

	For the Year Ended December 31, 2023		
	North American Brokerage	**Other Segments**	**Total**
Revenues	684,873	4,285	689,158
Commissions and other agent-related costs	625,016	1,269	626,285
Gross Profit	**59,857**	**3,016**	**62,873**
General and administrative expenses	35,653	7,260	42,913
Marketing expenses	38,458	153	38,611
Research and development expenses	7,284	75	7,359
Operating Loss	**(21,538)**	**(4,472)**	**(26,010)**
Other income (expenses), net	136	(723)	(587)
Listing expenses	-	-	-
Finance expenses, net	(614)	(5)	(619)
Net Loss	**(22,016)**	**(5,200)**	**(27,216)**

	For the Year Ended December 31, 2022		
	North American Brokerage	**Other Segments**	**Total**
Revenues	379,868	1,888	381,756
Commissions and other agent-related costs	349,464	342	349,806
Gross Profit	**30,404**	**1,546**	**31,950**
General and administrative expenses	21,564	2,591	24,155
Marketing expenses	22,590	84	22,674
Research and development expenses	4,621	246	4,867
Operating Loss	**(18,370)**	**(1,376)**	**(19,746)**
Other income (expenses), net	729	-	729
Listing expenses	(151)	-	(151)
Finance expenses, net	(1,167)	-	(1,167)
Net Loss	**(18,959)**	**(1,376)**	**(20,335)**

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in the current and in the prior year.

The assets and liabilities of each segment are not reported to the CODM on a regular basis therefore they are not disclosed in these consolidated financial statements.

The amount of revenue from external customers, by geography, is shown in the table below:

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
United States	573,658	320,181
Canada	115,500	61,575
Total revenue by region	**689,158**	**381,756**

9. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the period by the weighted average number of Common Shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) less any preferred dividends for the period by the weighted average number of Common Shares outstanding plus, any potentially dilutive Common Shares outstanding during the period. The Company does not pay dividends or have participating shares outstanding.

The following table outlines the number of Common Shares (in thousands) and basic and diluted loss per share.

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Issued Common Shares, Balance at the beginning of the year	173,993	170,483
Warrant Exercises	-	8,526
Treasury Return	-	(1,049)
Purchase of Shares	(974)	-
Release of Shares	4,267	-
Issuance of Shares	379	21
Exercise of Options	462	220
Weighted-average numbers of Common Shares	**178,127**	**178,201**
Loss per share		
Basic and diluted loss per share	**(0.15)**	**(0.12)**

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Options	21,943	21,746
RSU	25,588	16,908
Total	**47,531**	**38,654**

10. SHARE-BASED PAYMENT ARRANGEMENTS

A. Description of share-based payment arrangements

Stock option plan (equity-settled)

On January 20, 2016, the Company established a stock option plan (the "**Stock Option Plan**") that entitles key management personnel and employees to purchase shares in the Company. Under the Stock Option Plan, holders of vested Options are entitled to purchase Common Shares for the exercise price as determined at the grant date.

On February 26, 2022, the Company established an omnibus incentive plan providing for up to 20% of the issued and outstanding Common Shares as of the date thereof (being 35.6 million Common Shares, less RSUs and Options outstanding under other equity inventive plans) to be issued as RSUs or Options to directors, officers, employees, and consultants of the Company (the "**Omnibus Incentive Plan**"). The Omnibus Incentive Plan was approved by shareholders of the Company on June 13, 2022.

In connection with the graduation to the TSX, the Company amended its Omnibus Incentive Plan (the "**A&R Plan**") on July 13, 2022, and the Company's shareholders approved the A&R Plan on June 9, 2023. Pursuant to the A&R

Plan, the maximum number of Common Shares issuable pursuant to outstanding Options at any time shall be limited to 15% of the aggregate number of issued and outstanding Common Shares as of the applicable award date less the number of Common Shares issuable pursuant to Options under the A&R Plan or any other security-based compensation arrangement of the Company. In addition, the Company is authorized to grant up to 70,000,000 RSUs pursuant to the A&R Plan. The RSU limit is separate and distinct from the maximum number of Common Shares reserved for issuance pursuant to Options under the A&R Plan.

The following table depicts the number of Options granted apart from the Company's various acquisitions (in thousands):

Grant Date	Number of Options	Vesting Conditions	Contractual Life of Options
Balance January 1, 2022	**22,287**		
On March, 2022	240	3 years quarterly vest	10 years
On May, 2022	320	3 years quarterly vest	10 years
On August, 2022	4,000	25% on first anniversary, then quarterly vesting	10 years
On August, 2022	145	3 years quarterly vest	10 years
On November, 2022	55	3 years quarterly vest	10 years
On December, 2022	10	3 years quarterly vest	10 years
Balance December 31, 2022	**27,057**		
Balance January 1, 2023	**27,057**		
On March, 2023	1,500	16.7% on first anniversary, then quarterly vesting	10 years
On March, 2023	15	3 years quarterly vest	10 years
On June, 2023	65	33.3% on first anniversary, then quarterly vesting	10 years
On August, 2023	85	3 years quarterly vest	10 years
On November, 2023	10	33.3% on first anniversary, then quarterly vesting	10 years
Balance December 31, 2023	**28,732**		

B. Measurement of fair value

The fair value of the Options has been measured using the Black-Scholes formula which was also used to determine the Company's share value. Service and non-market performance conditions attached to the arrangements were not considered in measuring fair value. The inputs used in the measurement of the fair value at the grant and measurement date were as follows:

	December 31, 2023	December 31, 2022
Share price	\$1.25 to \$1.67	\$1.35 to \$2.45
Expected volatility (weighted-average)	95.0% - 108.0%	108.0%
Expected life (weighted-average)	10 years	10 years
Expected dividends	- %	- %
Risk-free interest rate (based on US government bonds)	3.62 – 3.95%	1.95 – 2.89%

Expected volatility has been based on an evaluation of historical volatility of the company's share price.

C. Reconciliation of outstanding stock-options

The following table outlines the number of Options (in thousands) and weighted-average exercise price:

	December 31, 2023		December 31, 2022	
	Number of Options	**Weighted-Average Exercise Price**	**Number of Options**	**Weighted-Average Exercise Price**
Outstanding at beginning of year	21,746	$ 0.87	20,815	$ 0.71
Granted	1,675	1.28	4,770	1.61
Forfeited/ Expired	(312)	1.41	(2,450)	2.35
Exercised	(1,166)	0.36	(1,389)	0.23
Outstanding at end of year	**21,943**	**$ 0.92**	**21,746**	**$ 0.87**
Exercisable at end of year	**15,566**	**0.72**	**11,046**	**0.55**

The Options outstanding as of December 31, 2023 had a weighted average exercise price of $0.92 (December 31, 2022: $0.87) and a weighted-average remaining contractual life of 8.8 years (December 31, 2022: 8.8 years).

D. Restricted share unit plan

Restricted share unit plan

Under the Company's agent performance grant program, the Company issues RSUs to agents based on an agent meeting certain performance metrics, and successfully attracting other performing agents to the Company. Each RSU, which have a vesting term of up to 3 years and subject to forfeiture in certain circumstances, entitles the holder to one Common Share. The Company recognizes expense from the issuance of these RSUs during the applicable vesting period based upon the best available estimate of the number RSUs expected to vest with a corresponding increase in stock-based compensation reserve. The expense recognized from the issuance of RSU awards for the year ended December 31, 2023 was $5.5 million, and was classified as marketing expense.

Under the Company's agent stock purchase program, agents purchase RSUs, which vest after a year, using a percentage of the agent's commission that is withheld by the Company. Each RSU entitles the holder to one Common Share. The RSUs are expensed in the period in which they are issued with a corresponding increase in equity. Each agent pays the Company 15% of commissions until the commission paid to the Company totals that agent's "cap" amount (the "**Cap**"). As an incentive to participate in the program, the Company issues additional RSUs ("**Bonus RSUs**") with a value of (i) 15% of the commission withheld (the percentage was 25% prior to June 16, 2022) if an agent has not met the Cap and (ii) 30% of the commission withheld (the percentage was 50% prior to June 16, 2022) if an agent has met the Cap. The Bonus RSUs have a one-year vesting term and are subject to forfeiture in certain circumstances. The RSUs purchased under the program are expensed to cost of goods sold and the Bonus RSUs are expensed to stock-based compensation expense. Both are amortized over the vesting period with a corresponding increase in stock-based compensation reserve.

Stock compensation awards granted to full time employees ("**FTEs**") are classified as a general and administrative, research and development, or marketing expense based on the appropriate department within the Consolidated Statements of Loss and Other Comprehensive Loss.

The following table illustrates the Company's stock activity (in thousands of units) for the restricted share units under its equity plan. Once fully vested, all awards are settled in stock

	Restricted Share Units
Balance at, December 31, 2021	**3,965**
Granted	16,053
Vested and Issued	(2,504)
Forfeited	(606)
Balance at, December 31, 2022	**16,908**
Granted	23,400
Vested and Issued	(10,631)
Forfeited	(4,089)
Balance at, December 31, 2023	**25,588**

Stock Based Compensation Expense

The following table provides a detailed breakdown of the stock-based compensation expense (in thousands) as reported in the Consolidated Statement of Loss and Comprehensive Loss.

	For the Year Ended					
	December 31, 2023			**December 31, 2022**		
	Options Expense	*RSU Expense*	***Total***	*Options Expense*	*RSU Expense*	***Total***
COGS – Agent Stock Based Compensation	**-**	21,562	**21,562**	**-**	8,008	**8,008**
Marketing Expenses – Agent Stock Based Compensation	2,209	5,571	**7,780**	1,215	4,304	**5,519**
Marketing Expenses – FTE Stock Based Compensation	7	7	**14**	-	1	**1**
Research and Development – FTE Stock Based Compensation	142	298	**440**	111	101	**212**
General and Administrative – FTE Stock Based Compensation	5,914	2,693	**8,607**	1,702	1,076	**2,778**
Total Stock Based Compensation	**8,272**	**30,131**	**38,403**	**3,028**	**13,490**	**16,518**

On May 20, 2021, the Company began transacting under the NCIB to purchase up to 7.2 million of its Common Shares representing approximately 5% of the total 143 million Common Shares issued and outstanding as of April 30, 2021. On May 19, 2022, the Company announced that it renewed the NCIB. Pursuant to the renewed NCIB, Real may purchase up to 8.9 million Common Shares, representing approximately 5% of the total 178.3 million Common Shares issued and outstanding as of May 19, 2022. The purpose of the purchase of Common Shares under the NCIB is to enable the Company to acquire shares to satisfy its RSU grants for shares. On May 24, 2023, the Company announced that it renewed its NCIB pursuant to which, Real may purchase up to 9 million common shares of the Company, representing approximately 5% of the total 180 million Common Shares issued and outstanding as of May 18, 2023. The NCIB shall terminate on the earlier of May 28, 2024 or the date on which the maximum number of Common Shares purchasable under the NCIB is acquired by the Company.

The Company appointed the Trustee for the purposes of arranging for the acquisition of the Common Shares and to hold the Common Shares in trust for the purposes of satisfying RSU payments as well as deal with other administration matters. Through the Trustee, RBC Capital Markets was engaged to undertake purchases under the NCIB for the purposes of the RSU Plan, the Option Plan, the Omnibus Incentive Plan, and the A&R Plan.

11. INVESTMENTS IN AVAILABLE FOR SALE SECURITIES AT FAIR VALUE

The following table provides a detailed breakdown of short-term investments (in thousands) as reported in the Consolidated Statements of Financial Positions:

Description	Estimated Fair Value December 31, 2022	Deposit / (Withdraw)	Dividends, Interest & Income	Gross Unrealized Gains / (Losses)	Estimated Fair Value December 31, 2023
Cash Investments	-	6,368	163	-	6,531
Fixed Income	6,997	277	-	323	7,597
Fixed Income – Mutual Funds	840	(847)	-	7	-
Investment Certificate	55	39	-	-	94
Total	**7,892**	**5,837**	**163**	**330**	**14,222**

Investment securities are recorded at fair value. The Company's investment securities portfolio consists primarily of cash investments, debt securities issued by U.S. government agencies, local municipalities and certain corporate entities. The products in the Company's investment portfolio have maturity dates ranging from less than one year to over 20 years.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility, and liquidity conditions. Net unrealized gains and losses in the portfolio are included in Other Comprehensive Income (Loss).

12. PROPERTY AND EQUIPMENT

Reconciliation of Carrying Amounts *(in thousands)*

	Computer Equipment	Software	Furniture and Equipment	Total
Cost				
Balance at December 31, 2021	205	-	69	274
Additions	321	969	27	1,317
Balance at December 31, 2022	526	969	96	1,591
Disposals	-	-	(86)	(86)
Additions	138	449	-	587
Balance at December 31, 2023	**664**	**1,418**	**10**	**2,092**
Accumulated Depreciation				
Balance at December 31, 2021	39	-	65	104
Depreciation	79	57	1	137
Balance at December 31, 2022	118	57	66	241
Disposals	-	-	(65)	(65)
Depreciation	125	191	-	316
Balance at December 31, 2023	**243**	**248**	**1**	**492**
Carrying Amounts				
Balance at December 31, 2022	408	912	30	1,350
Balance at December 31, 2023	**421**	**1,170**	**9**	**1,600**

13. INTANGIBLE ASSETS

The Company's intangible assets are finite lived and consist primarily of relationships which is amortized on a straight-line basis over its useful life of 5 years.

Reconciliation of Carrying Amounts *(in thousands)*

	Intangible Assets
Cost	
Balance at December 31, 2021	563
Additions	3,370
Balance at December 31, 2022	3,933
Purchase Price Allocation Adjustment	530
Balance at December 31, 2023	**4,463**
Accumulated Depreciation	
Balance at December 31, 2021	113
Depreciation	112
Balance at December 31, 2022	225
Depreciation	796
Balance at December 31, 2023	**1,021**
Carrying Amounts	
Balance at December 31, 2022	3,708
Balance at December 31, 2023	**3,442**

14. GOODWILL

We record goodwill associated with acquisitions of businesses when the purchase price of the business exceeds the fair value of the net tangible and intangible assets acquired. We review goodwill for impairment on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that indicate goodwill may be impaired. For the year ended December 31, 2023, as part of the annual review, we performed an assessment of goodwill which resulted in an impairment charge for the goodwill allocated to Expetitle CGU, which is presented as part of Other Segment (see *Note 8*). The recoverable amount of the CGU has been determined based on the value in use. Value in use has been determined based on the estimated future cash flows, discounted at a discount rate of 24.5%.

	Realty Crunch	Expetitle	LemonBrew	Total
Cost				
Balance at December 31, 2021	602	-	-	602
Additions	-	8,393	1,267	9,660
Balance at December 31, 2022	602	8,393	1,267	10,262
Impairment	-	(723)	-	(723)
Adjustments	-	-	(546)	(546)
Balance at December 31, 2023	**602**	**7,670**	**721**	**8,993**
Carrying Amounts				
Balance at December 31, 2022	602	8,393	1,267	10,262
Balance at December 31, 2023	**602**	**7,670**	**721**	**8,993**

15. CAPITAL AND RESERVES

Share capital and share premium

All Common Shares rank equally with regards to the Company's residual assets. The following table is presented in thousands:

	Authorized		*Issued and Paid*	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Ordinary shares no-par value	*unlimited*	*unlimited*	183,605	179,922

During the year ended December 31, 2023, the company issued 1.2 million shares as a result of exercise of stock options and 2.5 million associated with restricted stock unit granted to agents and employees.

Total number of shares held in treasury is 175 thousand and 5.9 million as of December 31, 2023 and 2022 respectively.

16. LIQUIDITY AND CAPITAL RESOURCES

Real defines capital as its equity. It is comprised of share premium, stock-based compensation reserves, deficit, other reserves, treasury stock, and no-controlling interests. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value.

The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks. The Company sets the amount of capital in proportion to the risk and adjusts by considering changes in economic conditions and the characteristic risk of underlying assets. To maintain or adjust the capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

Real's objective is met by retaining adequate liquidity to provide the possibility that cash flows from its assets will not be sufficient to meet operational, investing and financing requirements. There have been no changes to the Company's capital management policies during the years ended December 31, 2023, and December 31, 2022.

The following table presents the Company's liquidity (in thousands):

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Cash	14,707	10,846
Other Receivables	63	74
Investments in Financial Assets	14,222	7,892
Total	**28,992**	**18,812**

17. LEASE LIABILITY AND RIGHT OF USE ASSET

The Company leased a corporate office in New York, NY under a lease agreement dated December 1, 2017, which expired on June 30, 2023. A summary of the changes in the right-of-use asset (in thousands) for the years ended December 31, 2023, and December 31, 2022 is as follows:

	Right-of-Use Asset
Cost	
Balance at December 31, 2021	502
Additions	107
Balance at December 31, 2022	609
Additions (Adjustment)	(69)
Balance at December 31, 2023	**540**
Accumulated Depreciation	**-**
Balance at December 31, 2021	393
Acquired Depreciation	59
Depreciation	84
Balance at December 31, 2022	536
Depreciation (Adjustment)	(12)
Depreciation	16
Balance at December 31, 2023	**540**
Carrying Amounts	
Balance at December 31, 2022	73
Balance at December 31, 2023	**-**

As of December 31, 2023, there is no lease liability remaining in respect to the corporate office in New York, NY. A summary of the changes in the lease liability (in thousands) during the years ended December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023	**December 31, 2022**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	-	96
One year to five years	-	-
More than five years	-	-
Total undiscounted lease liabilities	**-**	**96**
Lease liabilities included in the balance sheet	**-**	**96**
Current	-	96
Non-current	-	-

18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair value *(in thousands)*

	For the Year Ended December 31, 2023					
	Carrying Amount			**Fair Value**		
	Financial Assets at Amortized Cost	Other Financial Liabilities	Total	Level 1	Level 2	Total
Financial Assets Measured at Fair Value (FV)						
Investments in Financial Assets	-	-	-	14,222	-	14,222
Total Financial Assets Measured at Fair Value (FV)	**-**	**-**	**-**	**14,222**	**-**	**14,222**
Financial Liabilities Measured at Fair Value (FV)						
Warrants	-	-	-	-	269	269
Total Financial Liabilities Measured at Fair Value (FV)	**-**	**-**	**-**	**-**	**269**	**269**
Financial Assets Not Measured at Fair Value (FV)						
Cash and Cash Equivalents	14,707	-	14,707	-	-	-
Restricted Cash	12,948	-	12,948	-	-	-
Trade Receivables	6,441	-	6,441	-	-	-
Other Receivables	63	-	63	-	-	-
Total Financial Assets Not Measured at Fair Value (FV)	**34,159**	**-**	**34,159**	**-**	**-**	**-**
Financial Liabilities Not Measured at Fair Value (FV)						
Accounts Payable	-	571	571	-	-	-
Accrued Liabilities	-	13,374	13,374	-	-	-
Customer Deposits	-	12,948	12,948	-	-	-
Other Payables	-	302	302	-	-	-
Total Financial Liabilities Not Measured at Fair Value (FV)	**-**	**27,195**	**27,195**	**-**	**-**	**-**

	For the Year Ended December 31, 2022					
	Carrying Amount			**Fair Value**		
	Financial Assets at Amortized Cost	Other Financial Liabilities	Total	Level 1	Level 2	Total
Financial Assets Measured at Fair Value (FV)						
Investments in Financial Assets	-	-	-	7,892	-	7,892
Total Financial Assets Measured at Fair Value (FV)	**-**	**-**	**-**	**7,892**	**-**	**7,892**
Financial Liabilities Measured at Fair Value (FV)						
Warrants	-	-	-	-	242	242
Total Financial Liabilities Measured at Fair Value (FV)	**-**	**-**	**-**	**-**	**242**	**242**
Financial Assets Not Measured at Fair Value (FV)						
Cash and Cash Equivalents	10,846	-	10,846	-	-	-
Restricted Cash	7,481	-	7,481	-	-	-
Trade Receivables	1,547	-	1,547	-	-	-
Other Receivables	74	-	74	-	-	-
Total Financial Assets Not Measured at Fair Value (FV)	**19,948**	**-**	**19,948**	**-**	**-**	**-**
Financial Liabilities Not Measured at Fair Value (FV)						
Accounts Payable	-	474	474	-	-	-
Accrued Liabilities	-	11,866	11,866	-	-	-
Customer Deposits	-	7,481	7,481	-	-	-
Other Payables	-	1,188	1,188	-	-	-
Total Financial Liabilities Not Measured at Fair Value (FV)	**-**	**21,009**	**21,009**	**-**	**-**	**-**

A. Transfers between levels

During the years ended December 31, 2023, and December 31, 2022, there have been no transfers between Level 1, Level 2 and Level 3.

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (ii));
- liquidity risk (see (iii));
- market risk (see (iv)); and
- investment risk (see (v)).

i. Risk management framework

The Company's activity exposes it to a variety of financial risks, including credit risk, liquidity risk, market risk and investment risk. These financial risks are managed by the Company under policies approved by the Board of Directors. The principal financial risks are actively managed by the Company's finance department, within the policies and guidelines.

On an ongoing basis, the finance department actively monitors the market conditions, with a view of minimizing exposure of the Company to changing market factors, while at the same time limiting the funding costs of the Company.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The receivables are processed through an intermediary trustee, as part of the structure of every deal, which ensures collection on the close of a successful transaction. In order to mitigate the residual risk, the Company contracts exclusively with reputable and credit-worthy partners.

The carrying amount of financial assets represents the maximum credit exposure.

<u>Trade receivables</u>

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers other factors may influence the credit risk of the customer base, including the default risk associated with the industry and the country in which the customers operate.

The Company does not require collateral in respect to trade and other receivables. The Company does not have trade receivable and contract assets for which no loss allowance is recognized because of collateral.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different Cash Generating Units based on the following common credit risk characteristics – geographic region, credit information about the customer and the type of home purchased.

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, compared to current conditions of the Company's view of economic conditions over the expected lives of the receivables.

As of December 31, 2023, the exposure to credit risk for trade receivables and contract asset (in thousands) by geographic region was as follows:

	December 31, 2023	December 31, 2022
US	4,607	1,105
Other Regions	1,834	442
Trade Receivables	**6,441**	**1,547**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to maintaining liquidity is to ensure, as far as possible, that it will have sufficient cash and cash equivalents and other liquid assets to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

iv. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to transactional foreign currency risk to the extent there is a mismatch between currencies in which purchases and receivables are denominated and the respective functional currencies of the Company. The currencies in which transactions are primarily denominated are US dollars, Israeli shekel and Canadian dollars.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the U.S. dollar (USD), Israeli shekel (ILS), or Canadian Dollar (CAD) against all other currencies in which the Company operates as of December 31, 2023 and December 31, 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following table is presented in thousands:

	Average Rate		*Period-end Spot Rate*	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Balance at, December 31, 2023				
CAD (-5% movement)	485	(485)	655	(655)
ILS (-5% movement)	33	(33)	121	(121)
Balance at, December 31, 2022				
CAD (-5% movement)	355	(355)	456	(456)
ILS (-5% movement)	2	(2)	6	(6)

Foreign Currency Risk Management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (in thousands) at the reporting date are as follows:

	Liabilities		*Assets*	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
CAD	(13,463)	(7,058)	4,949	3,474
ILS	(178)	(82)	7,494	7,724
Total Exposure	**(13,641)**	**(7,140)**	**12,443**	**11,198**

v. Investment risk

The Company invested into a managed investment portfolio, exposing it to risk of losses based on market fluctuations. Securities are purchased on behalf of the Company and are actively managed through multiple investment accounts. Funds apportioned for investment are allocated accordingly to the investment guidelines set forth by Management. Investments are made in U.S. currency.

The Company follows a conservative investment approach with limited risk for investment activities and has allocated the funds in Level 1 assets to reduce market risk exposure.

Information about the Company's investment activity is included in *Note 11*.

19. COMMITMENTS AND CONTINGENCIES

The Company may have various other contractual obligations in the normal course of operations. The Company is not materially contingently liable with respect to litigation, claims and environmental matters. Any settlement of claims in excess of amounts recorded will be charged to profit or loss as and when such determination is made.

In December 2023, the Company was named as a defendant in a putative class action lawsuit, captioned Umpa v. The National Association of Realtors, et al., which was filed in the United States District Court for the Western District of Missouri ("Class Action"). The Class Action alleges that certain real estate brokerages, including the Company, participated in practices resulting in inflated buyer broker commissions, in violation of federal antitrust laws. The Company will vigorously defend against the claims asserted in the Class Action, but is unable to predict the outcome of this action.

20. RELATED PARTY TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Company's key management personnel are comprised of its Chief Executive Officer, Chief Financial Officer, President, Chief Technology Officer, and Chief Marketing Officer, and other members of the executive team. Executive officers participate in the A&R Plan (see *Note 10.A*). Directors and officers of the Company control approximately 37.08% of the voting shares of the Company. The remuneration of key management personnel and directors of the Company who are part of related parties is set out below (in thousands):

	Year Ended	
	December 31, 2023	**December 31, 2022**
Salaries and Benefits	3,465	2,435
Stock-Based Compensation	7,470	2,164
Compensation Expenses for Related Parties	**10,934**	**4,599**

21. SUBSEQUENT EVENTS

On January 1, 2024, the Company updated the Bonus RSUs structure to matching (i) 10% of the commission withheld (the percentage was 15% previously) if an agent has not met the Cap and (ii) 20% of the commission withheld (the percentage was 30% previously) if an agent has met the Cap.

THE REAL BROKERAGE INC.

Management's Discussion and Analysis

For the Year ended December 31, 2023

Building Your Future, Together

The Real Brokerage Inc. (the "**Company**" or "**Real**") is a technology-powered real estate brokerage that uses its innovative approach to change the way people buy and sell homes. Real's model focuses on creating value and financial opportunity for agents, enabling them to deliver a better experience to their clients.

Real creates financial opportunities for agents in four key ways:

Keep more commission

Our unique compensation structure favors the agent, allowing them to keep 85%-100% of commissions.

100% Mobile Brokerage Services

We are 100% mobile – so agents have what they need to close the deal at their fingertips and aren't paying for unused office space.

Build Equity

Agents can earn equity through Real's incentive program that allows them to share in the wealth as they help to build a more valuable company.

Earn More With Revenue Sharing

Agents can earn a share of revenue generated by agents referred to Real. Each referral earns 5% of a referred agents' gross commission income up to an annual cap.

2023 Highlights

Real was founded in 2014 and is domiciled in Canada and headquartered in New York City. We provide brokerage services for the real estate market in the United States and Canada. On December 31, 2023, Real was licensed in 50 states and the District of Columbia in the United States and in Alberta, Ontario, British Columbia, and Manitoba, Canada. Real's fast-growing network of agents allows for strong relationship building, access to a nationwide referral network and seamless expansion opportunities.

■ Active States
■ Active Provinces

13,650 Agents Q4 2023	55 (50 states, D.C., and 4 provinces in Canada)	$689M Revenue YTD Q4 2023	$25.9B Value of Sold Homes, YTD Q4 2023

MANGAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION

INTRODUCTION

This Management's Discussion and Analysis (the "**MD&A**") is provided to enable a reader to assess the results of operations and financial condition of The Real Brokerage Inc. ("**Real**" or the "**Company**") for the period ended December 31, 2023, and 2022. This MD&A is dated March 14, 2024 and should be read in conjunction with the consolidated financial statements and related notes for the period ended December 31, 2023 and 2022 (the "**Financial Statements"**). Unless the context indicates otherwise, references to "Real", "the Company", "we", "us" and "our" in this MD&A refer to The Real Brokerage Inc. and its subsidiaries. All dollar amounts are in U.S. dollars unless otherwise stated. This MD&A contains company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in "Business Overview and Strategy", "Results from Operations", and other statements concerning Real's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's current beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Real's control, affect the operations, performance and results of the Company and its subsidiaries, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

Although Real believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. See "Risks and Uncertainties" for further information. The reader is cautioned to consider these factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Real's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW AND STRATEGY

Real is a growing real estate technology company located in the United States and Canada. We are taking a first principles approach to redefining the role of a real estate brokerage in the lives of agents and within the broader housing ecosystem.

Our goal is to establish ourselves as the destination brokerage for real estate agents, by offering an unmatched combination of technology, support, and financial incentives. Our primary business today revolves around real estate brokerage, where our innovative software-based technology platform and flexible operating model enable agents to earn more, enjoy greater autonomy, and utilize superior technology compared to our competitors. This high-value, low-cost proposition attracts agents dedicated to growing their businesses.

Our vision is to create an integrated home buying experience through the adoption of our consumer-facing portal and mobile application. This portal, guided by our agents, aims to streamline the home buying process for consumers, while increasing the adoption of our higher-margin ancillary services, such as mortgage brokerage and title services. As part of this strategy, we acquired a title company in January 2022, which has been rebranded to One Real Title. In addition, we acquired a tech-enabled mortgage broker business in December 2022, which has been rebranded to One Real Mortgage. This consumer-focused portal is in addition to the technology we provide to agents, and is a natural next step in supporting both our agents with another benefit that can be provided to their clients, while providing consumers a more enjoyable real estate transaction experience with less friction. In October 2023 we launched the One Real mobile application, offering consumers the ability to apply for a home loan through an easy-to-use mobile application, marking the initial phase of our strategy to enhance the consumer home buying experience.

Real believes it can revolutionize the way home buying is done, making it simpler and easier for consumers by making the experience more relaxed, efficient, and enjoyable. Embarking on this transformative mission will deliver value to shareholders by better monetizing ancillary services with historically high margins while seeking to create a technology-enhanced game-changing experience for consumers. We are also focused on developing an ecosystem of financial products for real estate agents, creating additional avenues to monetize the significant gross market value transacted on our platform. These offerings will include mobile and e-wallet solutions, debit and credit card services, and ultimately a suite of wealth management tools. These innovations are designed to empower agents in building generational wealth, all under the Real umbrella. As part of this strategy of continually providing new benefits to agents and new revenue channels for the Company, we are developing a financial technology program called Real Wallet, which is a platform that will centralize an agent's access to certain Real branded financial products, such as Real branded credit offerings. Initial testing of these products is expected to take place in the first half of 2024.

We are differentiated by our ability to deliver a simple, enjoyable experience that aligns broker, agent, and consumer interests and changes the entire process for the better. We are poised to deliver on this promise, supported by our unique ecosystem that includes:

- Growth-minded agents who care about making a difference in the industry. They are team players who are in it to help others, not just themselves.
- Innovative technology that removes friction and keeps everything seamless, easily accessible, and transparent.
- Integrated services that put the consumer first, including mortgage, title and insurance offerings that contribute to a seamless experience and offer them a better product and experience.

Our vision extends beyond mere transactions; we are building a community where every interaction and every service is designed to redefine what's possible in real estate. Through our commitment to innovation, collaboration, and service excellence, we are not just changing the industry — we're creating a whole new one.

MARKET CONDITIONS AND INDUSTRY TRENDS

The real estate brokerage industry is closely aligned with the health of the residential real estate market, which fluctuates with factors such as economic growth, interest rates, unemployment, inventory levels, and mortgage rate volatility. Our business could be negatively impacted by higher mortgage rates or further increases in mortgage rates. As mortgage rates rise, the number of home sale transactions tends to decrease as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home. Similarly, in higher interest rate environments, potential home buyers may choose to rent rather than purchase a home. Changes in the interest rate environment and mortgage market are beyond our control and are difficult to predict and, as such, could have a material adverse effect on our business and profitability.

In 2023, macroeconomic conditions in North America continued to impact the residential real estate market, as well as our business and financial results. The year was characterized by a significant slowdown in the market, a continuation of a trend that began during 2022, following robust market activity in 2021.

Key 2023 Trends:

- Continued Rise in Interest Rates. As a result of a persistently high inflation rate in the U.S., the Federal Reserve Board increased the Federal Funds Rate by an aggregate of 100 basis points in 2023, which followed an increase of 425 basis points in 2022. In connection with the rise in the Federal Funds Rate, mortgage rates also increased, with average 30-year fixed mortgage rates rising as high as 7.8% in November 2023, before declining to 6.6% at the end of December 2023. This rate level reflects an increase from 6.4% at the end of 2022 and 3.1% at the end of 2021, according to Freddie Mac data, and has significantly dampened buyer demand.

- Declining Transaction Volume. As a consequence of rising interest rates, total existing-home sales in the U.S., which consists of completed transactions that include single-family homes, townhomes, condominiums and co-ops, contracted by 19% to 4.1 million in 2023 compared to 2022, according to data reported by the National Association of Realtors. Volumes declined in each month of 2023 compared to 2022, both on an absolute and seasonally adjusted basis. Notably, in November 2023, the seasonally adjusted annualized rate of existing home sales reached 3.82 million, a sequential improvement from the 3.79 million level reached in October 2023, and indicating signs of market stabilization.

- Stabilizing Pricing. The median sale price on a U.S. existing home was $387,382,60 as of November December 2023, an increase of 4% from November December 2022, but 67.5% below the peak price of $413,800 reached in June 2022. Given low available for sale inventory, average home prices remain well above levels experienced prior to the COVID-19 pandemic, and home price appreciation was still slightly positive on a year-over-year basis in 2023, with a decline in home prices in the first half of the year offset by an increase in home prices during the second half. With the exception of 2022 and 2023, prices and transaction volumes in recent years have been strong, boosted by historically low mortgage rates and a strong labor market.

We continue to monitor market trends closely and note that despite stagnating transaction volumes in the market, the overall impact on the Company has been offset by the significant growth demonstrated in the number of agents transacting on our platform.

Business Model

Commission Structure

As a licensed real estate brokerage, our primary revenue source is derived by processing real estate transactions which entitle us to commissions. We distribute a portion of this commission revenue to our agents and brokers, according to Real's commission structure. Under this model, agents receive 85% of the commission from real estate transactions, with the remaining 15% allocated to Real. This arrangement continues until an agent contributes $12,000 in commission splits to Real, at which point the agent qualifies to receive 100% of their gross commission income per transaction for the remainder of their annual cycle, minus a transaction fee of $285 and a $30 fee for broker review and E&O insurance.

Revenue Share Model

We offer agents the opportunity to earn revenue-share, paid out of Real's portion of commissions, for new, productive agents that they personally refer and who join the Real platform. Launched in November 2019, this program has had a major impact on our agent count and revenue growth. This momentum across various markets is largely driven by the enthusiasm of key influential agents who have embraced Real, actively bringing peers and others in their network to our growing community. In February 2023, we expanded the program to allow new agents to select two sponsors that split 90% of the revenue share stream equally while paying the remaining 10% back to Real.

Agent Equity Participation

In an effort to incentivize and reward our agents, Real agents have the opportunity to earn restricted share units (each an "RSU") based on achievement of certain performance criteria. These RSUs vest over three years into common shares of the Company ("**Common Shares**"), directly linking their success to the Company's. Additionally, our Agent Stock Purchase Program enables agents to buy RSUs, with a portion of their commissions, which vests immediately but have a one year restriction period. To encourage participation, Real provides agents participating in the program with Bonus RSUs, enhancing the financial benefits for agents. This equity incentive plan is part of our broader strategy to foster a culture of ownership and alignment.

Agent Experience

We focus on creating an unparalleled agent experience through development of a unique and comprehensive software platform. Our strength is our ability to offer real estate agents a higher value, through a proprietary technology stack - a set of technologies, software and tools essential for developing and deploying digital products - at a lower cost, compared to other brokerages. At its core, our technology is an operating system that allows agents to build their businesses rapidly and efficiently, enhancing productivity, and providing support for marketing, education, community-building, transaction management and more.

As part of those efforts, on August 8, 2021, we launched a new and improved agent mobile application leveraging Real's proprietary technology platform called reZEN that delivers our agents better visibility into their business, transactions, and financials. On October 20, 2022, reZEN was further enhanced with new features and benefits for agents and launched to all U.S. and Canada-based agents.

reZEN software is the backbone of our transaction processing efficiency and is a key to unlocking operating leverage as we continue to scale. With reZEN, agents do not need a third-party system for inputting new transactions, which gives us greater control over the transaction experience, increases our brokerage oversight, allows us to better integrate our own technology as we enhance our consumer app, and drives productivity and efficiency for agents. Further, by offering an open application programming interface, Real provides agents the flexibility to integrate technology partners of their choosing, while maintaining more control over their own data.

Focus on teams

Real estate teams have a unique structure and are typically formed by a high producing agent who attracts other agents to work with them and enjoy the leadership and mentoring provided by the team leader. Teams who join our platform are entitled to receive the same commission split, revenue sharing and equity incentive programs offered to all agents. These incentive programs allow agents and brokers a financial mechanism to build teams across geographical boundaries in any of the markets that we serve, without incurring significant additional expense, oversight responsibility or liability, while at the same time preserving and enhancing their own personal brands. The growth in brokerage teams joining Real continues to have a positive impact on our agent growth, and in January 2024 we announced two programs to make it easier for teams and independent brokerages to join Real:

- Private Label - Specifically designed for independent brokerages that have spent years building a brand in their local marketplace, Real's Private Label program empowers brokerages to benefit from Real's cutting-edge transaction management platform while maintaining and continuing to invest in their local brand, which often comes with a strong customer base and emotional attachment. The Private Label program is available to brokerages through an application process in states that allow this type of representation.
- ProTeams - Real's ProTeams program gives team leaders the flexibility to customize their team members' caps, splits and fee payments down to the individual team member level, allowing them to continue to embrace the structure that works best for them, while still reaping the benefits associated with being a part of the Real platform.

Consumer Vision

We believe the home buying experience is broken. It is an outdated process riddled with problems in need of enhanced technology. In particular, the current home buying and selling experience is too often:

- Unpredictable: From a buyer's perspective, unforeseen issues arise based on lack of awareness of potential outcomes;
- Chaotic: Requires interactions with multiple parties (lender, insurer, etc.) with communication through multiple channels; and
- Nontransparent: There is often no clear understanding in a seemingly complex and unintuitive process.

A core component of our strategy going forward is building and improving our consumer-facing portal that provides a seamless end-to-end home buying experience for consumers, including access to ancillary services such as mortgage and title services. This consumer-focused portal is in addition to the technology we provide to agents, and is a natural next step in supporting both our agents with another benefit that can be provided to their clients, and consumers who can enjoy a real estate transaction with less friction.

Brokerage Fees and Additional Benefits

In addition to real estate commissions, Real generates revenue from fees charged to agents for being affiliated with Real and for closing transactions on our platform. On January 24, 2023, Real announced changes to U.S. brokerage fees and additional benefits as we seek to grow sustainably while still offering industry-leading incentives for our agents. These changes include:

- A co-sponsored revenue share program that allows new agents to select two sponsors that split 90% of the revenue share stream equally while paying the remaining 10% back to Real.
- Expanded access to Real's share purchase program, giving agents the ability to buy shares of Real stock beyond the company-issued equity awards.
- A $30 fee on each transaction to cover broker review, E&O insurance and processing expenses.
- A $175 annual fee to participate in our revenue sharing program, and a 1.2% fee on all revenue share payments.
- A $100 increase of the joining fee to $249 and a $250 increase of the annual brokerage fee to $750.
- A $60 increase of the post-capping transaction fee to $285, and a $29 increase to the Elite Agent transaction fee to $129.

These changes went into effect in February 2023 for new agents and in April 2023 for existing agents.

Growth in Market Share

Our non-brick and mortar-based model is becoming increasingly desirable, enabling agents to work from anywhere by leveraging our best-in-class technology, without being tied to a costly physical office. This appeal has led to a significant period of growth, underscored by a steady increase in the number of agents joining our platform. This trend is reflected in our results, with agents on our platform growing 67% year-over-year in 2023 and an additional 12% in the fourth quarter of 2023 (as compared to the third quarter of 2023) to 13,650 agents. We expect to continue to capture market share in 2024.

Focus on Technology

The real estate industry is generally considered to be very slow at adopting technology and as such, real estate transactions remain notoriously difficult to manage. We see an opportunity to produce agent focused software products that will further differentiate Real from other brokerages. We also believe that margin expansion is closely tied to the improvement of internal operational efficiency through automation, providing the ability to rapidly grow revenue at a faster pace than expenses.

In May 2023, Real launched Leo, an artificial intelligence-powered assistant that serves as a 24/7 concierge to its agents and brokers throughout the U.S. and Canada. Leveraging Real's proprietary transaction management platform, reZEN, Leo provides real-time answers to user inquiries. Beyond responding to questions, Leo has been enhanced to predict agents' needs by analyzing their past interactions and drawing insights from similar patterns across Real's entire agent base. By utilizing AI to manage the most frequently asked questions, Real aims to maintain its efficient staff-to-agent ratio scaling its agent base and increasing overall agent productivity.

We see a tremendous potential in improving the home buying and selling experience for consumers using technology, while keeping real estate agents in the center of the transaction. This approach will enable consumers to experience a faster, smoother, and more enjoyable digital based journey, while still benefiting from the expert guidance of a real estate agent throughout this exciting and highly emotional transaction.

<u>Recent Developments</u>

Normal Course Issuer Bid

On May 17, 2021, the TSX Venture Exchange ("TSXV") accepted the Company's Notice of Intention to implement a normal course issuer bid ("**NCIB**"). On May 19, 2022, the Company announced that it renewed its NCIB to be transacted through the facilities of the NASDAQ Capital Market ("**NASDAQ**") and other stock exchanges and/or alternative trading systems in the United States and/or Canada. Pursuant to the NCIB, Real was able to purchase up to 8.9 million Common Shares, representing approximately 5% of the total 178.3 million Common Shares issued and outstanding as of May 19, 2022. On May 24, 2023, the Company announced that it renewed its NCIB pursuant to which Real may purchase up to 9.0 million Common Shares, representing approximately 5% of the total 180 million Common Shares issued and outstanding as of May 18, 2023. Purchases will be made at prevailing market prices, and may be conducted during the twelve-month period ending May 28, 2024.

The NCIB is being conducted to acquire Common Shares for the purposes of satisfying restricted share unit obligations. The Company appointed CWB Trust Services (the "**Trustee**") as the trustee for the purposes of arranging the acquisition of Common Shares and to hold the Common Shares in trust for the purposes of satisfying RSU payments as well as deal with other administrative matters. Through the Trustee, RBC Capital Markets was engaged to undertake purchases under the NCIB.

During the year ended December 31, 2023, the Company repurchased 2 million Common Shares for $2.9 million.

On June 15, 2021, the Company's Common Shares commenced trading on the NASDAQ under the symbol "REAX". On July 26, 2022, the Company's Common Shares commenced trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "REAX".

On July 28, 2023, the Company announced that its application for a voluntary delisting of its Common Shares from the TSX had been approved by the Company's Board of Directors and the TSX. The Common Shares were delisted from the TSX effective as of close of markets on August 11, 2023. The Common Shares continue to be listed and traded on the "NASDAQ under the symbol "REAX".

Our policy governing transactions in our securities by our directors, officers, and employees permits our officers, directors, funds affiliated with our directors, and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. On December 14, 2023, Tamir Poleg, the Company's Chief Executive Officer, entered into a 10b5-1 trading plan (the "Plan"), which is intended to satisfy the affirmative defense of Rule 10b5-1(c), for the sale of up to 1,500,000 common shares of the Company. The first sale of common shares of the Company will not take place until at least April 13, 2024. The plan end date is December 31, 2024. Under the Plan, Mr. Poleg will relinquish control over the sale transactions. Accordingly, sales under the Plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving the Company.

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of our executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports. We, however, undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan, other than in such quarterly and annual reports.

Expetitle Acquisition

On January 20, 2022, the Company completed the acquisition of 100% of the issued and outstanding equity interests of Expetitle, Inc. ("**Expetitle**") pursuant to a stock purchase agreement (the "**Expetitle Transaction**"). The aggregate purchase price for 100% of the issued and outstanding equity interests of Expetitle was for aggregate cash consideration of $8.2 million with $7.4 million payable in cash at the closing of the Expetitle Transaction and $600,000 in cash subject to escrow, that would be released after twelve (12) months upon the satisfaction or waiver of the following terms and conditions: (i) the key employees remain at their current position with the Company for at least twelve (12) months after the closing of the Expetitle Transaction and (ii) Expetitle will become licensed to operate in at least fifteen states, including then current states of operation, Florida, Georgia, and Texas. In addition, certain Expetitle employees were entitled to a cash payment of $200,000 subject to the same terms as set out for the contingent consideration. As of the reporting date, the contingent terms were met and the $800,000 that was in escrow was released on January 23, 2023. In connection with the Expetitle Transaction, Real also granted an aggregate of 700,000 incentive stock options ("**Options**") and an aggregate of 1.1 million in value of RSUs to members of the Expetitle team. The Options vest quarterly over 3 years and are exercisable for a period of 3 years at $3.60 per share. The RSUs vest quarterly over 3 years.

Subsequent to the completion of the Expetitle Transaction, Expetitle was renamed The Real Title Inc, and has subsequently been rebranded to One Real Title Inc. We offer, primarily through joint ventures in which our wholly owned subsidiary, One Real Title, Inc. is a managing member and majority owner, title insurance, and closing services for residential and/or commercial transactions.

Redline Acquisition

On November 3, 2022, the Company acquired, through a wholly owned subsidiary, all of the issued and outstanding common shares of Redline Real Estate Group (BC) Inc. ("**Redline BC**") pursuant to a share purchase agreement between the Company, Redline BC and Redline Realty Investments Inc. ("**Redline Realty**"). The acquisition, which includes Redline's real estate license to operate in British Columbia, fueled the Company's expansion into Canada's third largest province.

LemonBrew Acquisition

On December 9, 2022, the Company completed the acquisition of LemonBrew Lending Corp. ("**LemonBrew Lending**"), a tech-enabled home loan platform, pursuant to the terms of a share purchase agreement dated September 23, 2022 between the Company, LemonBrew Lending and LemonBrew Technologies Corp. ("**LemonBrew Technologies**"). The Company acquired 100% of the issued and outstanding equity interests of LemonBrew Lending from the Seller for an aggregate purchase price of $1,250,000 (the "**LemonBrew Transaction**"). The purchase price was satisfied by (i) cash in the amount of $800,000 and (ii) the issuance of 351,837 Common Shares (the "**Consideration Shares**") at a deemed issue price of $1.279 per share. The issued price of the Consideration Shares was equal to the product of $450,000 divided by the 5-day volume weighted average trading price of Real's Common Shares on the NASDAQ immediately prior to the closing of the LemonBrew Transaction.

In connection with the closing of the LemonBrew Transaction, the Company entered into agreements with management and key employees of LemonBrew Lending (the "LemonBrew Key Employee Agreements"). The LemonBrew Key Employment Agreements provide for performance-based milestone payments of $2.5 million payable over 36 months following the closing of the LemonBrew Transaction, of which $2 million will be payable in cash and $500 thousand will be payable in RSUs of the Company. The performance-based milestones are:

- LemonBrew achieving at least $500 thousand in EBITDA for the first 12-month period following closing, $1

million in EBITDA for the second 12-month period following closing, and $2 million in EBITDA for the third 12-month period following closing; and
- Certain employees remaining in their roles to be established with Real during the transaction

These performance-based payments are considered separate from the aggregate purchase price. Management believes it is a highly unlikely that the performance-based milestones will be achieved and has not recognized any expenses related to the performance-based milestone payment.

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

Presentation of financial information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on the Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the interpretations of the IFRS Interpretations Committee.

Non-IFRS measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("**EBITDA**") or adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**").

Management believes that these measures are helpful to investors because they are measures that the Company uses to measure performance relative to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Real's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

Earnings before Interest, Taxes, Depreciation and Amortization

EBITDA is used as an alternative to net income because it excludes major non-cash items such as interest, taxes, and amortization, which management considers non-operating in nature. It provides useful information about our core profit trends by eliminating our taxes, amortization, and interest which provides a more accurate comparison between our competitors. A reconciliation of EBITDA to IFRS net income is presented under the section "Results from Operations" in this MD&A.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization

Management believes that Adjusted EBITDA provides useful information about our financial performance and allows for greater transparency with respect to a key metric used by the Company for financial and operational decision-making. We believe that Adjusted EBITDA helps identify underlying trends in our business that otherwise could be masked by the effect of the expenses that we exclude in Adjusted EBITDA. In particular, we believe the exclusion of stock and stock option expenses provides a useful supplemental measure in evaluating the performance of our operations and provides additional transparency into our results of operations.

Adjusted EBITDA is used as an addition to net income (loss) and comprehensive income (loss) because it excludes 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.

A reconciliation of Adjusted EBITDA to IFRS net income is presented under the section "Results from Operations" of this MD&A.

SUMMARY RESULTS FROM OPERATIONS

Select information (in thousands)

	For the Year Ended		
	December 31, 2023	**December 31, 2022**	**December 31, 2021**
Operating Results			
Total Revenues	689,158	381,756	121,681
Loss from Continuing Operations	(27,216)	(20,335)	(11,679)
Total Comprehensive Loss Attributable to Owners of the Parent	(27,199)	(20,699)	(12,026)
Per Share Basis			
Basic and diluted loss per share [i]	(0.15)	(0.12)	(0.07)

i. Basic and diluted loss per share are calculated based on weighted average of Common Shares outstanding during the period.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") (in thousands)

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Total Comprehensive Loss Attributable to Owners of the Company	(27,199)	(20,699)
Add/(Deduct):		
Finance Expenses, net	619	1,167
Net Income Attributable to Noncontrolling Interest	285	242
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	(330)	407
Depreciation	1,128	333
EBITDA [(i) (ii)]	**(25,497)**	**(18,550)**

i. Represents a non-IFRS measure. Real's method for calculating non-IFRS measures may differ from other reporting issuers' methods and accordingly may not be comparable. For definitions and basis of presentation of Real's non-IFRS measures, refer to the non-IFRS measures section.
ii. EBITDA is calculated on a trailing twelve-month basis. Refer to non-IFRS measures section of this MD&A for further details.

Adjusted earnings before interest, taxes, depreciation, and amortization (in thousands)

Adjusted EBITDA excludes stock-based compensation expense related to RSUs and options granted pursuant to our equity plans, including our A&R Omnibus Plan, depreciation expense, goodwill impairment and restructuring expenses. Stock-based compensation expense is affected by awards granted and/or awards forfeited throughout the year as well as increases in fair value and is more fully disclosed in *Note 10* of the Financial Statements, Share-Based Payment arrangements.

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Total Comprehensive Loss Attributable to Owners of the Company	(27,199)	(20,699)
Add/(Deduct):		
Finance Expenses, net	619	1,167
Net Income Attributable to Noncontrolling Interest	285	242
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	(330)	407
Depreciation	1,128	333
Stock-Based Compensation Adjustments	38,403	16,700
Goodwill Impairment	723	-
Listing Expenses	-	151
Restructuring Expenses	223	222
Other Professional Expenses	-	762
Adjusted EBITDA[(i) (ii) (iii)]	**13,852**	**(715)**

i. Represents a non-IFRS measure. Real's method for calculating non-IFRS measures may differ from other reporting issuers' methods and accordingly may not be comparable. For definitions and basis of presentation of Real's non-IFRS measures, refer to the non-IFRS measures section.

ii. Adjusted EBITDA is calculated on a trailing twelve-month basis. Refer to non-IFRS measures section of this MD&A for further details.

iii. Adjusted EBITDA for December 31, 2022 has been restated to account for Stock-Based Compensation recognized in Cost of Goods Sold.

REVENUE

For the year ended December 31, 2023, total revenues were $689.2 million compared to $381.8 million for year ended December 31, 2022, demonstrating the effects of the Company's growth. The Company generates substantially all its revenue from commissions from the sale of real estate properties and other revenues relating to ancillary services. The increase in revenues is attributable to an increase in productive agents on our platform, expansion of the number of states and provinces in which we operate, and increase in the closed transaction count. We are continually investing in our platform to provide agents with the tools they need to maximize their productivity, which we anticipate will further translate into a larger transaction volume closed by our agents. As we further widen our footprint within the United States and Canada, we expect this momentum to progress.

A breakdown in revenues (in thousands) generated during the year is included below:

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Main revenue streams		
Commissions	684,873	379,868
Title	2,990	1,869
Mortgage Income	1,295	19
Total Revenue	**689,158**	**381,756**

BUSINESS SEGEMENT INFORMATION

A further breakdown of the Consolidated Statement of Loss and Comprehensive Loss by Business Segment (in thousands) during the year is included below:

	For the Year Ended December 31, 2023		
	North American Brokerage	**Other Segments**	**Total**
Revenues	684,873	4,285	689,158
Commissions and other agent-related costs	625,016	1,269	626,285
Gross Profit	**59,857**	**3,016**	**62,873**
General and administrative expenses	35,653	7,260	42,913
Marketing expenses	38,458	153	38,611
Research and development expenses	7,284	75	7,359
Operating Loss	**(21,538)**	**(4,472)**	**(26,010)**
Other income, net	136	(723)	(587)
Finance expenses, net	(614)	(5)	(619)
Net Loss	**(22,016)**	**(5,200)**	**(27,216)**
Net income attributable to noncontrolling interests	-	285	285
Net Loss Attributable to the Owners of the Company	**(22,016)**	**(5,485)**	**(27,501)**
Other comprehensive income/(loss):			
Cumulative (gain)/loss on investments in debt instruments classified as FVTOCI reclassified to profit or loss	330	-	330
Foreign currency translation adjustment	(29)	1	(28)
Total Comprehensive Loss Attributable to Owners of the Company	**(21,715)**	**(5,484)**	**(27,199)**
Total Comprehensive Income Attributable to NCI	-	285	285
Total Comprehensive Loss	**(22,715)**	**(5,199)**	**(26,914)**

A reconciliation of Comprehensive Loss Attributable to Owners of the Company to Adjusted EBITDA by business segment is presented below:

	For the Year Ended December 31, 2023		
	North American Brokerage	**Other Segments**	**Total**
Total Comprehensive Loss Attributable to Owners of the Company	(21,715)	(5,484)	(27,199)
Add/(Deduct):			
Finance Expenses, net	614	5	619
Net Income Attributable to Noncontrolling Interests	-	285	285
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	(330)	-	(330)
Depreciation	446	682	1,128
Stock Based Compensation Adjustments	38,403	-	38,403
Goodwill Impairment	-	723	723
Restructuring Expense	223	-	223
Adjusted EBITDA	**17,641**	**(3,789)**	**13,852**

The amount of revenue from external customers, by geography, is shown in the table below:

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
United States	573,658	320,181
Canada	115,500	61,575
Total revenue by region	**689,158**	**381,756**

EXPENSES

We believe that growth can and should be balanced with profits and therefore plan and monitor spend responsibly to ensure we decrease our losses. Our loss as a percentage of total revenue was 3.9% for year ended December 31, 2023 and 5.4% for the year ended December 31, 2022.

A breakdown in expenses (in thousands) during the year is included below:

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Commissions and other agent-related costs	**626,285**	**349,806**
Operating Expenses		
General and Administrative Expenses	**42,913**	**24,155**
Salaries and Benefits	18,940	11,733
Stock Based Compensation	8,607	2,778
Administrative Expenses	3,244	1,803
Professional Fees	8,425	5,893
Depreciation Expense	1,128	333
Other General and Administrative Expenses	2,569	1,615
Marketing Expenses	**38,611**	**22,674**
Salaries and Benefits	767	478
Stock Based Compensation for Employees	14	1
Stock Based Compensation for Agents	7,780	5,519
Revenue Share	27,905	14,975
Other Marketing and Advertising Cost	2,145	1,701
Research and Development Expenses	**7,359**	**4,867**
Salaries and Benefits	3,749	2,012
Stock Based Compensation	440	212
Other Research and Development	3,170	2,643
Total Cost of Sales and Operating Expenses	**715,168**	**401,502**

Cost of Sales

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Revenues	689,158	381,756
Cost of Sales	626,285	349,806
Cost of Sales as a Percentage of Revenues	**90.9%**	**91.6%**

Cost of sales represents real estate commission paid to Real agents, and in Canada this also includes commissions paid to outside brokerages, as part of the Canadian regulatory process, title fees, and mortgage expenses. For the year ended December 31, 2023, total cost of sales were $626.3 million compared to $349.8 million for the year ended December 31, 2022. We typically pay our agents 85% of the gross commission earned on every real estate transaction with 15% of said commissions being paid to the Company. Agents pay the Company 15% of commissions until the commission paid to the Company totals their respective "cap" amount (the "**Cap**"). Each agent Cap cycle resets on an annual basis on an agent's anniversary date. As the total revenue increases, the total commission to agents' expense increases respectively. Our margins are affected by the increase in the number of agents who achieve their Cap (which is affected by an increase in transaction volume and increases in home prices), resulting in downward pressure as we continue to attract high producing agents. We expect to offset this pressure and increase margins through the growth of title and escrow services offered by One Real Title and mortgage services offered by One Real Mortgage, and by adding additional ancillary services that will be integrated into our consumer-facing platform.

Revenue Share

Our Revenue Share expense for the year ended December 31, 2023 was $27.9 million compared to $15.0 million for the year ended December 31, 2022. The increase in Revenue Share expense is primarily due to an increase in our agent base, which resulted in a higher number of agents participating in our Revenue Share program. For the period ended December 31, 2023 and December 31, 2022, Revenue Share expense is included in the marketing expense category.

Stock Based Compensation

Our stock based compensation expense for the year ended December 31, 2023 was $38.4 million compared to $16.5 million for the year ended December 31, 2022. The increase in stock based compensation expense is primarily due to an increase in our agent base, resulting in a higher number of awards granted as part of our agent incentive program and an out of period adjustment recorded in the current period. For the period ended December 31, 2023 and December 31, 2022, stock-based compensation expense related to FTEs within marketing and research and development are included in the marketing and research and development expense categories.

The following table is presented in thousands:

	For the Year Ended					
	December 31, 2023			**December 31, 2022**		
	Options Expense	RSU Expense	**Total**	Options Expense	RSU Expense	**Total**
Stock Based Compensation – COGS	-	21,562	**21,562**	-	8,008	**8,008**
Marketing Expenses – Agent Stock Based Compensation	2,209	5,571	**7,780**	1,215	4,304	**5,519**
Marketing Expenses – FTE Stock Based Compensation	7	7	**14**	**-**	1	**1**
Research and Development – FTE Stock Based Compensation	142	298	**440**	111	101	**212**
General and Administrative – FTE Stock Based Compensation	5,914	2,693	**8,607**	1,702	1,076	**2,778**
Total Stock Based Compensation	**8,272**	**30,131**	**38,403**	**3,028**	**13,490**	**16,518**

Salaries and Benefits

Our salaries and benefits expenses for the year ended December 31, 2023 was $23.5 million in comparison to $14.2 million for the year ended December 31, 2022. The increase in salaries and benefits expenses were mainly due to an increase in number of full-time employees from 118 on December 31, 2022 to 167 on December 31, 2023. The increase is attributable to Real's commitment to serve its agents and to the growth with excellence and expansion of the Company. These investments in key management and employee personnel allow us to offer best-in-class service to our agents. As the Company continues in this period of growth, it is necessary to scale operations in order to support that growth. Increases in headcount, as well as the investments Real is making in its technology infrastructure, allow us to scale at an accelerated pace and serve as key contributors to our growth. We believe we have been able to scale in an efficient manner and with a proportionately minimal impact on our operational costs. Real's full-time employee ("FTEs") excluding One Real Title and One Real Mortgage employees to Agent ratio as of December 31, 2023 is 1:115 compared to 1:69 as of December 31, 2022.

Professional Fees

Our professional fees for the year ended December 31, 2023 were $8.4 million in comparison to $5.9 million for the year ended December 31, 2022. The increase in professional fees was largely due to an increase in our broker and recruiter consulting fees, as a result of our expanding geographic footprint.

Research and Development Expenses

Our research and development expenses for the year ended December 31, 2023 were $7.4 million compared to $4.9 million for the year ended December 31, 2022. The increase is primarily due to an increase in headcount and increase in costs related to upgrades and enhancements made to reZEN, our internal-use cloud-based residential real-estate transaction system.

Marketing Expenses

Our marketing expenses for the year ended December 31, 2023 were $38.6 million compared to $22.7 million for the year ended December 31, 2022, primarily due to our efforts to attract agents. This increase is primarily comprised of $12.9 million increase in revenue share paid to agents as part of our revenue share model and an increase in stock-based compensation expense of $2.3 million. Agents earn revenue share for new agents that they personally refer to Real. Agents are eligible for the agent incentive program based on certain attracting and performance criteria. Real works to limit its marketing expenses paid using traditional marketing channels and focuses primarily on marketing through its agents as the main cost of acquisition. Therefore, as agent count increases so does our expense related to the revenue share and equity incentive programs.

Financial Instruments

Financial assets and financial liabilities are recognized on the Company's consolidated statements of financial position when Real becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification and subsequent measurement

Financial assets – Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and the expectations of future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and their net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows or the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented on the consolidated statements of financial position, only when the Company has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. A breakdown of financial instruments (in thousands) for the year ended December 31, 2023 is included below:

	For the Year Ended December 31, 2023					
	Carrying Amount			**Fair Value**		
	Financial Assets at Amortized Cost	Other Financial Liabilities	Total	Level 1	Level 2	Total
Financial Assets Measured at Fair Value (FV)						
Short Term Investments	-	-	-	14,222	-	14,222
Total Financial Assets Measured at Fair Value (FV)	**-**	**-**	**-**	**14,222**	**-**	**14,222**
Financial Liabilities Measured at Fair Value (FV)						
Warrants	-	-	-	-	269	269
Total Financial Liabilities Measured at Fair Value (FV)	**-**	**-**	**-**	**-**	**269**	269
Financial Assets Not Measured at Fair Value (FV)						
Cash and Cash Equivalents	14,707	-	14,707	-	-	-
Restricted Cash	12,948	-	12,948	-	-	-
Trade Receivables	6,441	-	6,441	-	-	-
Other Receivables	63	-	63	-	-	-
Total Financial Assets Not Measured at Fair Value (FV)	**34,159**	**-**	**34,159**	**-**	**-**	**-**
Financial Liabilities Not Measured at Fair Value (FV)						
Accounts Payable	-	571	571	-	-	-
Accrued Liabilities	-	13,374	13,374	-	-	-
Customer Deposits	-	12,948	12,948	-	-	-
Other Payables	-	302	302	-	-	-
Total Financial Liabilities Not Measured at Fair Value (FV)	**-**	**27,195**	**27,195**	**-**	**-**	**-**

SUMMARY OF QUARTERLY INFORMATION

The following table provides selected quarterly financial information (in thousands, except per share data) for the eight most recently completed financial quarters ended December 31, 2023. This information reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. The general increase in revenue and expense quarter over quarter is due to growth and expansion of the Company.

	2023				2022			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	181,341	214,640	185,332	107,845	96,118	111,633	112,356	61,649
Cost of Sales	165,810	195,865	167,573	97,037	87,898	103,057	103,064	55,787
Gross Profit	**15,531**	**18,775**	**17,759**	**10,808**	**8,220**	**8,576**	**9,292**	**5,862**
General and Administrative Expenses	15,387	9,234	9,654	8,638	7,121	5,544	6,116	5,374
Marketing Expenses	9,084	11,577	10,266	7,684	7,061	6,197	5,700	3,716
Research and Development Expenses	2,325	1,931	1,579	1,524	1,002	1,146	1,680	1,039
Other Loss (Income)	693	(38)	(40)	(28)	(62)	(231)	(257)	(179)
Operating Income (Loss)	**(11,958)**	**(3,929)**	**(3,700)**	**(7,010)**	**(6,902)**	**(4,080)**	**(3,947)**	**(4,088)**
Listing Expenses	-	-	-	-	16	135	-	-
Finance Expenses, net	32	10	272	305	(159)	954	208	164
Income (Loss) Before Tax	**(11,990)**	**(3,939)**	**(3,972)**	**(7,315)**	**(6,759)**	**(5,169)**	**(4,155)**	**(4,252)**
Non-controlling interest	26	(85)	(146)	(80)	(50)	(78)	(53)	(61)
Income (Loss) Attributable to the Owners of the Parent	**(11,964)**	**(4,024)**	**(4,118)**	**(7,395)**	**(6,809)**	**(5,247)**	**(4,208)**	**(4,313)**
Other Comprehensive Incomes (loss):								
Unrealized Gains (Losses) on Available for Sale Investment Portfolio	116	79	42	93	128	(142)	(116)	(277)
Foreign Currency Translation Adjustment	(38)	(52)	(85)	147	(58)	(51)	190	204
Comprehensive Income (Loss)	**(11,886)**	**(3,997)**	**(4,161)**	**(7,155)**	**(6,739)**	**(5,440)**	**(4,134)**	**(4,386)**
Non-Operating Expenses:								
Finance Costs	(110)	16	376	292	(237)	1,174	377	502
Depreciation	298	277	284	269	108	87	135	3
Stock-Based Compensation Adjustments	19,423	7,144	6,075	5,761	6,132	4,506	2,884	3,178
Goodwill Impairment	723	-	-	-	-	-	-	-
Listing Expenses	-	-	-	-	16	135	-	-
Restructuring Expense	58	80	44	41	160	62	-	-
Other Expenses	-	-	-	-	456	25	155	126
Adjusted EBITDA	**8,506**	**3,520**	**2,618**	**(792)**	**(104)**	**549**	**(583)**	**(577)**
Non-Recurring Stock-Based Compensation Adjustments	6,208	-	-	-	-	-	-	-
Adjusted EBITDA Excluding Non-Recurring Stock Based Compensation Adjustment	**2,298**	**3,520**	**2,618**	**(792)**	**(104)**	**549**	**(583)**	**(577)**
Earnings per Share								
Basic and Diluted Loss per Share	**(0.066)**	**(0.022)**	**(0.023)**	**(0.041)**	**(0.038)**	**(0.029)**	**(0.023)**	**(0.025)**

LIQUIDITY AND CAPITAL RESOURCES

The Company has a capital structure comprised of share premium, stock-based compensation reserves, deficit, other reserves, treasury stock, and non-controlling interests. Our primary sources of liquidity are cash and cash flows from operations as well as cash raised from investors in exchange for issuance of Common Shares. The Company expects to meet all of its obligations and other commitments as they become due. The Company has various financing sources to fund operations and will continue to fund working capital needs through these sources along with cash flows generated from operating activities.

Balance Sheet overview (in thousands)

	As of		
	December 31, 2023	**December 31, 2022**	**December 31, 2021**
ASSETS			
Current Assets	50,513	28,369	38,665
Non-Current Assets	14,035	15,393	1,332
TOTAL ASSETS	**64,548**	**43,762**	**39,997**
LIABILITIES			
Current Liabilities	27,195	21,105	12,314
Non-Current Liabilities	269	242	679
TOTAL LIABILITIES	**27,464**	**21,347**	**12,993**
TOTAL EQUITY	**37,084**	**22,415**	**27,004**
TOTAL LIABILITIES AND EQUITY	**64,548**	**43,762**	**39,997**

Asset overview by geographical segment (in thousands)

	As of December 31, 2023			
	Canada	**Israel**	**United States**	**Total**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,853	115	12,739	14,707
Restricted cash	9,998	-	2,950	12,948
Investment in financial assets	95	-	14,127	14,222
Trade receivables	1,837	-	4,604	6,441
Other receivables	-	63	-	63
Related parties	(6,864)	7,305	(441)	-
Prepaid expenses and deposits	2	-	2,130	2,132
TOTAL CURRENT ASSETS	**6,921**	**7,483**	**36,109**	**50,513**
NON-CURRENT ASSETS				
Intangible assets	-	-	3,442	3,442
Goodwill	-	-	8,993	8,993
Property and equipment	30	11	1,559	1,600
TOTAL NON-CURRENT ASSETS	**30**	**11**	**13,994**	**14,035**
TOTAL ASSETS	**6,951**	**7,494**	**50,103**	**64,548**

As of December 31, 2023, cash and cash equivalents and investments totaled $28.9 million, compared to $18.8 million as of December 31, 2022. Cash is comprised of cash held in our banking accounts.

For the year ended December 31, 2023:

- Cash flows generated in operations was $19.9 million, in comparison to $6 million for the year ended December 31, 2022. The increase in operating cash flows was primarily due to the increase in overall growth of the company.
- Cash flows from investing activities was a cash use of $6.6 million, primarily due to investments in debt instruments.
- Cash flows from financing activities was a cash use of $4.0 million. Cash flow used in financing activities primarily related to the repurchases of the Common Shares for satisfying RSU obligations pursuant to the NCIB totaling $2.9 million.

We believe that our existing balances of cash and cash equivalents, and cash flows expected to be generated from our operations will be sufficient to satisfy our immediate and ongoing operating requirements.

Our future capital requirements will depend on many factors, including our level of investment in technology, our rate of growth into new markets, and potential mergers and acquisitions. Our capital requirements may be affected by factors that we cannot control such as the residential real estate market, interest rates, and other monetary and fiscal policy changes. To support and achieve our future growth plans, however, we may need or seek to obtain additional funding, including through equity or debt financing.

The following table presents liquidity (in thousands):

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Cash and Cash Equivalents	14,707	10,846
Other Receivables	63	74
Investment in Financial Assets [iii]	14,222	7,892
Total [i] [ii]	**28,992**	**18,812**

[i] – Total Capital is not a standard financial measure under IFRS and may not be comparable to similar measures reported by other entities.

[ii] – Represents a non-IFRS measure. Real's method for calculating non-IFRS measures may differ from other reporting issuers' methods and accordingly may not be comparable.

[iii] – Investment securities are presented in the table below.

The following table presents Investments in Available for Sale Securities at Fair Value (in thousands):

Description	**Estimated Fair Value December 31, 2022**	**Deposits / (Withdrawals)**	**Dividends, Interest & Income**	**Gross Unrealized Gains / (Losses)**	**Estimated Fair Value December 31, 2023**
Cash Investments	-	6,368	163	-	6,531
Fixed Income	6,997	277	-	323	7,597
Fixed Income - Mutual Funds	840	(847)	-	7	-
Investment Certificate	55	39	-	-	94
Total	**7,892**	**5,837**	**163**	**330**	**14,222**

The Company holds no debt obligations.

Contractual obligations

As of December 31, 2023, the Company had no guarantees, leases or off-balance sheet arrangements other than those noted in our consolidated financial statement. We had a lease for our New York office that expired on June 30, 2023. The following is a schedule of Company's future lease payments under lease obligations (in thousands):

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	-	96
One year to five years	-	-
More than five years	-	-
Total undiscounted lease liabilities	**-**	**96**
Lease liabilities included in the balance sheet	**-**	**96**
Current	-	96
Non-current	-	-

Capital management framework

Real defines capital as its equity. It is comprised of share premium, stock-based compensation reserves, deficit, other reserves, treasury stock, and non-controlling interests. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value.

The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks. The Company sets the amount of capital in proportion to the risk and adjusts considering changes in economic conditions and the characteristic risk of underlying assets. To maintain or adjust the capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

Real's strategy is to retain adequate liquidity to mitigate the effect of the risk that cash flows from its assets will not be sufficient to meet operational, investing and financing requirements. There have been no changes to the Company's capital management policies during the periods ended December 31, 2023 and 2022.

INVESTMENT IN AVAILABLE FOR SALE SECURITIES AT FAIR VALUE

The Company invested surplus funds from the financing activities with Insight Partners into a managed investment portfolio. Securities are purchased on behalf of the Company and are actively managed through multiple investment accounts. The Company follows a conservative investment approach with limited risk for investment activities and has allocated the funds in Level 1 assets to reduce market risk exposure.

The Company's investment securities portfolio consists primarily of cash investments, debt securities issued by U.S government agencies, local municipalities, and certain corporate entities. As of December 31, 2023, the total investment in securities available for sale at fair value was $14.2 million and is more fully disclosed in *Note 11* of the Financial Statements, Investment Securities Available for Sale Securities at Fair Value, of the Financial Statements.

OTHER METRICS

Year-over-year quarterly revenue growth *(in thousands)*

	2023				2022			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue								
Commissions	180,417	213,319	184,022	107,115	95,622	111,149	111,850	61,247
Commissions – YoY QTR	*89%*	*92%*	*65%*	*75%*	*89%*	*186%*	*384%*	*558%*
Title Revenue	480	964	948	598	477	484	506	402
Title Revenue – YoY QTR	*1%*	*99%*	*87%*	*49%*	*- %*	*- %*	*- %*	*- %*
Mortgage Income	444	357	362	132	19	-	-	-
Mortgage Income – YoY QTR	*2,237%*	*- %*	*- %*	*- %*	*- %*	*- %*	*- %*	*- %*
Total Revenue	**181,341**	**214,640**	**185,332**	**107,845**	**96,118**	**111,633**	**112,356**	**61,649**
Total Revenue – YoY QTR	***89%***	***92%***	***65%***	***75%***	***90%***	***188%***	***386%***	***562%***

Quarterly key performance metrics

	2022				2023			
Key Performance Metrics	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Closed Transaction Sides	6,248	10,224	11,233	9,745	10,963	17,537	20,397	17,749
Total Value of Home Side Transactions ($, billions)	2.4	4.2	4.2	3.5	4.0	7.0	8.1	6.8
Median Home Sale Price ($, thousands)	345	375	360	348	350	369	370	355
Total Agents	4,500	5,600	6,700	8,200	10,000	11,500	12,175	13,650
Agent Churn Rate (%)	7.9	7.2	7.3	4.4	8.3	6.5	10.8	6.2
Revenue Churn Rate (%)	1.6	2.1	2.5	2.4	4.3	3.8	4.5	4.9
Full-Time Employees	112	121	122	118	127	145	162	159
Full-Time Employees, Excluding One Real Title and One Real Mortgage	82	91	87	84	88	102	120	118
Headcount Efficiency Ratio[1]	1:55	1:62	1:77	1:98	1:114	1:113	1:101	1:116
Revenue Per Full Time Employee ($, thousands)[2]	752	1,235	1,283	1,144	1,226	1,817	1,789	1,537
Operating Expense Excluding Revenue Share ($, thousands)	7,426	9,120	9,010	11,164	12,412	13,815	14,796	19,956
Operating Expense Per Transaction Excluding Revenue Share ($)	1,189	892	802	1,146	1,132	788	725	1,124

[1]Defined as full-time brokerage employees excluding One Real Title and One Real Mortgage employees, divided by the number of agents on our platform.

[2]Excluding One Real Title and One Real Mortgage.

MATERIAL ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

The preparation of the Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

Significant judgments include measure of share-based payment arrangements, goodwill impairment, and deferred taxes. Our significant judgments have been reviewed and approved by the Audit Committee for completeness of disclosure on what management believes would be relevant and useful to investors in interpreting the amounts and disclosures in the Financial Statements.

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes within the Financial Statements:

– *Deferred taxes*

Deferred tax assets are recognized only if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgment is made by management on an ongoing basis and is based on budgets and business plans for the coming years. These budgets and business plans are reviewed and approved by the Board of Directors. Since inception, the Company has reported losses, and consequently, the Company has unused tax losses. The deferred tax assets are currently not deemed to meet the criteria for recognition as management is not able to provide any convincing positive evidence that deferred tax assets should be recognized. Therefore, management has concluded that deferred tax assets should not be recognized on December 31, 2023.

– *Goodwill*

Goodwill is assessed annually for impairment, or more frequently if there are indicators of impairment, by comparing the carrying value of the CGU to which these assets are allocated to their recoverable amounts. The company principally uses discounted cash flows to estimate the recoverable amount of a CGU to which goodwill has been allocated, and market approaches inclusive of a control premium are used when applicable. Significant judgments and assumptions are required to determine the recoverable amount of a CGU, including forecasted cash flows, discount rates, long term growth rates. The recoverable amount is subject to sensitivity analysis given the uncertainty in preparing forecasts. Details of goodwill including the results of annual impairment tests, are presented in *Note 14*.

– *Stock options*

In estimating the fair value of stock options granted to employees we use the Black-Scholes model which requires management to make significant assumptions including the expected life of the stock options, volatility and risk-free interest rate. The assumptions used to estimate the fair value of the stock options are disclosed in *Note 10*.

ACCOUNTING POLICY DEVELOPMENT

New and amended IFRS Accounting Standards that are effective for the current year

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgements and IAS 8, Accounting Polices, Changes in

Accounting Estimates and Errors. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. We have assessed the impacts of the amended standards, which have had no material effect on our financial disclosures by the application of the amendments.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures

The Company's Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") have designed controls to provide reasonable cash assurance that: (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time frame specified in the securities legislation.

Based on the evaluations, the CEO and CFO have concluded that the Company's disclosure controls and procedures were adequate and effective as of December 31, 2023.

Internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Canada by *National Instrument 52-109*, *Certification of Disclosure in Issuers' Annual and Interim Filings*, and in the United States by Rule 13a-15(e) under *the Securities Exchange Act of 1934)*. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the criteria described in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Inherent limitations

It should be noted that in a control system, no matter how well conceived and operated, provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

Changes in Internal Control over Financial Reporting

There were no changes in Internal Control over Financial Reporting during the period ended December 31, 2023 that have materially affected or are reasonably likely to materially affect the adequacy and effectiveness of the Company's Internal Control over Financial Reporting.

Related party transactions

The Company's key management personnel are comprised of its CEO, CFO, President, Chief Technology Officer, the Chief Marketing Officer, and other members of its executive team. The remuneration of key management personnel and directors of the Company who are part of related parties is set out below (in thousands):

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
Salaries and Benefits	3,465	2,435
Stock-Based Compensation	7,470	2,164
Compensation Expenses for Related Parties	**10,934**	**4,599**

RISKS AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the these risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly. Please refer to the risks in Section 5.2 under the caption "Risk Factors" in the Company's Annual Information Form for the fiscal year ended December 31, 2023, available on SEDAR+ under the Company's profile at www.sedarplus.com, for a list of risks that could materially adversely affect our business, financial condition or results of operations.

OUTSTANDING SHARE DATA

As of March 6, 2024, the Company had 185.3 million Common Shares issued and outstanding.

In addition, as of March 6, 2024, there are 22.3 million Options issued and outstanding with exercise prices ranging from $0.03 to $3.40 per share and expiration dates ranging from January 2025 to August 2033. Each Option is exercisable for one Common Share. As of March 6, 2024, a total of 28.1 million RSUs are issued and outstanding. Once vested, each RSU will settle for a Common Share or cash equal to the value of a Common Share.

SUBSEQUENT EVENTS

On January 1, 2024, the Company updated the Bonus RSUs structure to matching (i) 10% of the commission withheld (the percentage was 15% previously) if an agent has not met the Cap and (ii) 20% of the commission withheld (the percentage was 30% previously) if an agent has met the Cap.

ADDITIONAL INFORMATION

These documents, the Company's Annual Information Form for the year ended December 31, 2023, as well as additional information regarding Real, have been filed electronically on Real's website at www.onereal.com and is available on SEDAR+ under the Company's profile at www.sedarplus.com.

Our Values

Work Hard, Be Kind

Being kind is one of our greatest strengths, both as people and as a company.

Simply Great Service

We provide service from our hearts with skill and experience.

Embrace, Resolve, Evolve

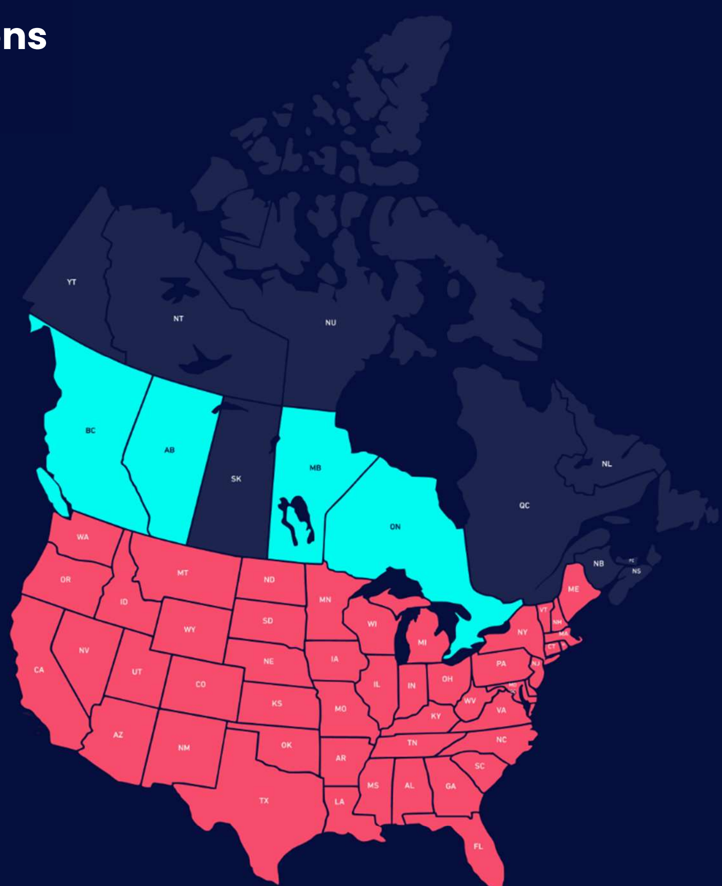
We trust in our ability to make mistakes, fix them and learn and grow from them.

Make a Difference

We believe life is better when we work to make a difference to those around us.

Real Locations

As of 12/31/23



- Active States
- Active Provinces

13,650

Agents
As of December 31, 2023

50

States, D.C., and four Canadian provinces

$689.2M

Revenue
2023

$25.9B

Value of Homes Sold
2023

Real Broker, LLC

Licensed Real Estate Broker is licensed as “Real Broker, LLC” in the following U.S. states: Alabama, Alaska, Arkansas, Colorado, District of Columbia, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, Washington, West Virginia, Wisconsin, Wyoming.

Broker is licensed as “Real Brokerage Technologies, Inc”, in the State of California, CA DRE #2022092. Office Address: 1420 Kettner Blvd. #100, San Diego, CA 92101. Broker is licensed as "Real Broker Alaska, LLC" in the State of Alaska. Broker is licensed as “Real Broker AZ, LLC" in the State of Arizona. Broker is licensed as “Real Broker CT, LLC" in the State of Connecticut. Broker is licensed as “Real Broker MA, LLC" in the State of Massachusetts. Broker is licensed as “Real Broker NH, LLC" in the State of New Hampshire. Broker is licensed as “Real Broker NE, LLC" in the state of Nebraska. Broker is licensed as “Real Broker NY, LLC" in the State of New York. Broker is licensed as “Real Brokerage Technologies, Inc.” in the State of Ohio. Broker is licensed as “Real Broker Commercial, LLC” in the states of Maryland, North Carolina, New Jersey, New York, South Carolina, Virginia and the District of Columbia.

For more information, please refer to www.onereal.com