Gaining Momentum

THE REAL BROKERAGE INC.

2022 ANNUAL REPORT AND MD&A

Corporate Overview

The Real Brokerage is revolutionizing the residential real estate industry by pairing best-in-class technology with the trusted guidance of an agent. We provide a digital brokerage platform for agents, while working to build a better end-to-end home buying experience for consumers. The company was founded in 2014 and serves 45 states, D.C., and three Canadian provinces, with over 9,000 agents as of February 2023.

Company Metrics

+214%

ANNUAL REVENUE

Annual revenue increased 214% to $381.8 million in 2022, from $121.7 million in 2021.

+188%

GROSS PROFIT

Gross profit grew 188% to $32.0 million in 2022, from $11.1 million in 2021.

+39%

REVENUE PER AGENT

Revenue per average agent in 2022 grew 39% to $63.3 thousand, from $45.7 thousand in 2021.

+113%

AGENTS

Surpassed 8,200 agents as of December 2022, a 113% increase since December 2021.

+181%

TRANSACTIONS

The total number of transactions processed on our platform grew to approximately 37,500 in 2022, a 181% increase compared with 2021.

226%

TOTAL VALUE OF HOMES SOLD

The total value of homes sold increased to $14.4 billion in 2022, 226% higher than in 2021.

Dear Shareholder,

2022 was a momentous year of growth for Real, despite a challenging housing backdrop that saw average mortgage rates in the U.S. rise above 6% for the first time since 2008 and U.S. existing home sales fall 18% compared with 2021. Nonetheless, our annual revenue increased 214% to $381.8 million in 2022 from $121.7 million in 2021. We surpassed 8,200 agents at the end of December 2022, a 113% year-over-year increase. In early February we announced that our agent count surpassed 9,000. We opened in five new states over the course of the year (Arkansas, Mississippi, Maine, New Mexico, and Alabama), and two Canadian provinces (Ontario and British Columbia), bringing Real's reach at the end of the year to 45 U.S. states, the District of Columbia, Ontario, Alberta and British Columbia in Canada.

But our growth is not relegated to the agents who've found a new home here; it's in the services and technologies we provide. In 2022, we acquired two business units (Expetitle and LemonBrew Lending) to expand our capabilities in title and mortgage services. We launched an interactive real estate listings portal aimed at consumers and went all-in on reZEN, our homegrown transaction solution platform. We are building the brokerage platform of the future, and every enhancement is focused on making our agents more successful.

To help our agents, we focus on making them more productive. We give them access to the transaction tools they need in real-time in the field where they're working directly with clients. That's why we've invested in software to ensure the process is seamless and delivers a superior mobile experience. It also helps us automate work on the backend; all of the tasks that are typically handled by humans in the office of a brokerage are automated at Real. A team of 9 people processed more than 37 thousand transactions in 2022. Typically, you would need over a hundred people to manage that kind of volume, but optimizing technology allows us to operate as efficiently as possible.

By focusing on what really matters in this industry—agent productivity—and giving our agents the tools to make it happen, Real is shoring itself to withstand a shifting market and attracting some of the industry's best agents. Easy-to-use technology that's designed to infuse transparency into the process makes a difference when every deal counts. Agents understand this. They see what we're building, and they are flocking to Real.

A real estate transaction is made up of three main building blocks: brokerage, title, and mortgage services. Brokerage services pair consumers with a trusted advisor to guide them through one of life's largest financial decisions; mortgage services capture the financial requirements to satisfy the transaction; and title services provide protection to the buyers and sellers participating in the process. We believe that what's missing in our industry is a layer of transformative customer experience on top of these three building blocks that would ensure a seamless, convenient, transparent, and a user-friendly transaction overall. The current status quo is riddled with ambiguities and uncertainties and it's time for the industry to evolve. We believe we are developing the right technology enabled solution to bring home buying into the 21st century. This vision will allow us to maximize the monetization opportunities of the real estate transactions we process while firmly keeping agents at the center of the transaction.

At Real, we strive to build a company that will revolutionize the housing industry; for agents, for consumers, and for investors. As we look ahead, the future looks bright.

Sincerely,

TAMIR POLEG
Chairman and Chief Executive Officer
The Real Brokerage Inc.

THE REAL BROKERAGE INC.

Consolidated Financial Statements
December 31, 2022

Symbol: (TSX: REAX) (NASDAQ: REAX) | Building your future, **together**

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 balance sheets of The Real Brokerage Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of loss and other comprehensive loss, shareholder's equity, and cash flows, for each of the two years in the period ended December 31, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, 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 16, 2023

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

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

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

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

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Revenues	$ 381,756	$ 121,681
Commissions and other agent-related costs	349,806	110,587
Gross Profit	**31,950**	**11,094**
General and administrative expenses	24,155	10,573
Marketing expenses	22,674	7,808
Research and development expenses	4,867	3,979
Operating Loss	**(19,746)**	**(11,266)**
Other income	729	249
Listing expenses	(151)	-
Finance expenses, net	(1,167)	(662)
Net Loss	**(20,335)**	**(11,679)**
Net Income Attributable to Noncontrolling Interests	242	-
Net Loss Attributable to Owners of the Company	**(20,577)**	**(11,679)**
Other comprehensive income/(loss):		
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	(407)	(352)
Foreign currency translation adjustment	285	5
Total Comprehensive Loss Attributable to Owners of the Company	**(20,699)**	**(12,026)**
Total Comprehensive Income Attributable to NCI	242	-
Total Comprehensive Loss	**(20,457)**	**(12,026)**
Loss per share		
Basic and diluted loss per share	(0.12)	(0.07)
Weighted-average shares, basic and diluted	**$ 178,201**	**$ 170,483**

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	Share-Based Payments Reserve	Foreign Exchange Translation Reserve	Investments Revaluations Reserve	Deficit	Treasury Shares	Non-Controlling Interests	Total Equity (Deficit)
Balance at, January 1, 2021	**21,668**	**2,760**	**-**	**-**	**(18,448)**	**-**	**14,818**	**20,798**
Total loss and comprehensive loss	-	-	5	(352)	(11,679)	-	-	(12,026)
Exercise of warrants	26,475	-	-	-	-	-	-	26,475
Acquisitions of commons shares for Restricted Share Unit (RSU) plan	-	-	-	-	-	(12,644)	-	(12,644)
Proceeds from sale of treasury shares	229	-	-	-	-	-	-	229
Conversion of preferred shares into common shares	14,818	-	-	-	-	-	(14,818)	-
Exercise of stock options	207	-	-	-	-	-	-	207
Equity-settled share-based payments	-	3,965	-	-	-	-	-	3,965
Balance at, December 31, 2021	**63,397**	**6,725**	**5**	**(352)**	**(30,127)**	**(12,644)**	**-**	**27,004**
Balance at, January 1, 2022	**63,397**	**6,725**	**5**	**(352)**	**(30,127)**	**(12,644)**	**-**	**27,004**
Total loss	-	-	-	-	(20,577)	-	242	(20,335)
Total other comprehensive loss	-	-	285	(407)	-	-	-	(122)
Acquisitions of common shares for Restricted Share Unit (RSU) plan	-	-	-	-	-	(8,060)	-	(8,060)
Release of treasury shares	(5,742)	-	-	-	-	5,742	-	-
Issuance of Restricted Share Units	4,886	(4,886)	-	-	-	-	-	-
Exercise of stock options	663	(398)	-	-	-	-	-	265
Shares issued as part of Expetitle and LemonBrew Acquisitions	-	4,775	-	-	-	-	-	4,775
Adjustment arising from change in non-controlling interests	-	-	-	-	-	-	21	21
Equity-settled share-based payments	-	18,867	-	-	-	-	-	18,867
Balance at, December 31, 2022	**63,204**	**25,083**	**290**	**(759)**	**(50,704)**	**(14,962)**	**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, 2022	**December 31, 2021**
OPERATING ACTIVITIES		
Net Loss	$ (20,335)	$ (11,679)
Adjustments for:		
Depreciation	333	213
Equity-settled share-based payments	16,201	4,030
Finance costs	167	565
Gain on short term investments	-	(223)
Changes in operating asset and liabilities:		
Trade receivables	(1,293)	(137)
Other receivables	(51)	198
Prepaid expenses and deposits	(81)	(359)
Accounts payable	420	-
Accrued liabilities	5,316	5,789
Customer deposits	4,170	-
Other payables	1,148	3,287
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5,995**	**1,684**
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,408)	(172)
Acquisition of subsidiaries *(Note 7,8, and 9)*	(8,152)	(1,099)
Dividends received from equity instruments designated at FVTOCI	637	-
Proceeds on disposal of equity instruments held at FVTOCI	(125)	-
NET CASH USED IN INVESTING ACTIVITIES	**(9,048)**	**(1,271)**
FINANCING ACTIVITIES		
Investment in securities	-	(8,940)
Proceeds from exercise of warrants	-	26,475
Purchase of common shares for Restricted Share Unit (RSU) Plan	(8,060)	(12,644)
Stock Compensation Payable (RSU)	-	2,253
Proceeds from exercise of stock options	265	207
Payment of lease liabilities	(35)	(84)
Dividends paid for non-controlling interest	(19)	-
NET CASH USED IN FINANCING ACTIVITIES	**(7,849)**	**7,267**
Net change in cash, cash equivalents and restricted cash	(10,902)	7,680
Cash, cash equivalents and restricted cash, beginning of year	29,129	21,273
Fluctuations in foreign currency	100	176
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCE, ENDING BALANCE	**$ 18,327**	**$ 29,129**
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Share-based compensation as part of Expetitle consideration	4,325	-
Share-based compensation reclass from liability to equity	2,268	-
Share-based compensation as part of LemonBrew consideration	450	-
Increase in ROU against lease liabilities	-	84
Warrants liability from acquisition	-	65

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

THE REAL BROKERAGE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

1. GENERAL INFORMATION

The Real Brokerage Inc. ("**Real**" or the "**Company**") is a technology-powered real estate brokerage firm, licensed in over 45 U.S. states, the District of Columbia, and 3 provinces in Canada with over 8,000 agents. Real offers agents a mobile focused tech-platform to run their business.

The consolidated operations of Real include the wholly-owned subsidiaries of Real Technology Broker Ltd. incorporated on June 29, 2014 in Israel, Real PIPE, LLC incorporated on November 5, 2020 under the laws of the state of Delaware, Real Broker MA, LLC incorporated on July 11, 2018 under the laws of the state of Delaware, Real Broker CT, LLC incorporated on July 11, 2018 under the laws of the state of Delaware, Real Broker, LLC (formerly Realtyka, LLC) incorporated on October 17, 2014 under the laws of the state of Texas, Real Broker Commercial LLC incorporated on July 29, 2019 under the laws of the state of Texas, The Real Title Inc. incorporated on January 1, 2021 under the laws of the state of Delaware, Real Broker BC Ltd. incorporated on February 23, 2021 in the province of British Columbia, Real Broker AB Ltd. incorporated on February 23, 2021 in the province of Alberta, and Real Broker ON Ltd incorporated on August 27 2021 in the province of Ontario, One Real Mortgage (formerly LemonBrew Lending) incorporated on March 15, 2009 under the laws of the state of New Jersey.

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**"). Pursuant to the NCIB, the Company was able to purchase, during the 12-month period ended May 20, 2022, up to 7.2 million common shares of the Company ("**Common Shares**"), constituting approximately 5% of the total 143.4 million Common Shares issued and outstanding as of April 30, 2021.

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 restricted share unit (each, an "**RSU**") payments as well as deal with other administration matters. Through the Trustee, RBC Capital Markets was engaged to undertake purchases under the NCIB.

The Common Shares acquired are held by the Trustee until the same are sold in the market with the proceeds to be transferred to designated participants or until the Common Shares are delivered to designated participants, in each case under the terms of the Company's equity incentive plans to satisfy the Company's obligations in respect of redemptions of vested RSUs held by such designated participants. See *Note 13.D* for more information. A total of 2.0 million Common Shares have been released from the trust to satisfy the Company's obligations in respect of redemptions of vested RSUs held by designated participants.

On May 19, 2022, the Company announced that it renewed the 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 (other than the TSXV), if eligible. Pursuant to the 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.

During 2022, the Company repurchased 3.8 million Common Shares in the amount of $8.1 million. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares to satisfy the RSU Plan (see Note 13.D for more information). The NCIB shall terminate on the earlier of May 20, 2023 and the date on which the maximum number of Common Shares purchasable under the NCIB is acquired by the Company.

On July 26, 2022, the Company's Common Shares commenced trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "REAX". Concurrent to the graduation to the TSX, the Common Shares were voluntarily delisted from the TSXV. Trading of the Common Shares continues on the NASDAQ under the same symbol, "REAX".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented.

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 16, 2023.

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

In measuring its performance, the Company does not distinguish or group its operations on a geographical or on any other basis, and accordingly has a single reportable operating segment. Management has applied judgment by consolidating its cost generating units (CGU) into one single reportable segment for disclosure purposes. Such judgment considers the nature of the operations, and an expectation of operating segments within a reportable segment, which have similar long-term economic characteristics.

The Company's Chief Executive Officer is the chief operating decision maker, and regularly reviews operations and performance on an aggregated basis. The Company does not have any significant customers or any significant groups of customers.

F. Reclassification

Certain prior year amounts in the consolidated financial statements and the notes thereto have been reclassified where necessary to conform to the current year presentation. These reclassifications did not affect the prior period total assets, total liabilities, stockholders' deficit, net loss or net cash used in operating activities.

G. 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 include fee income from the brokerage-platform and other revenues relating to auxiliary 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 will recognize revenues in the gross amount of consideration, to which it expects to be entitled to.

Please see *Note 10* 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 ordinarily when consideration is received	Revenue is recognized at a point in time as the purchase agreement is closed and the sale is executed
Service contracts with real estate agents	Under service contracts with real estate agents, they enroll in an annual subscription plan to use the tech-platform	Revenue is recognized over time as the company provides promised services to real estate agents on a paid subscription plan
Title Fees (Escrow and Title Insurance)	Customers obtain control of real estate property on the closing date, which 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 ordinarily when consideration is received	Revenue is recognized at a point in time when the loan has been funded

H. Share based compensation

The Company's real estate agents receive remuneration in the form of share-based compensation transactions, 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 transactions, 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 one to three years. The expense in relation to RSUs earned in recognition of personal 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 stock–based payments reserve. The expense in relation to RSUs purchased in the agent stock purchase plan are recognized at grant-date fair value with a corresponding increase in equity. Please see *Note 13.D* for more information about the Company's restricted share unit.

I. 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

J. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, 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.

Subsequent expenditures

Subsequent expenditures are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

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 generally 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.

K. 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 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 market place (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.

- Investment in debt securities

Financial assets at fair value through other comprehensive income (FVTOCI):

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.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the Company classifies the same as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognized in other comprehensive income (OCI).

Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income. All fair value changes are recognized in the Statement of Income.

A financial asset is measured at amortized cost if it meets both of the following conditions as is not designated as FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
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.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses recognized in OCI and are never 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.

L. Share capital

i. Common shares

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. Preferred Shares

Preferred shares are the shares that pay a fixed dividend prior to any distributions to the holders of the issuer's common stock. This payment is typically cumulative, so any delayed prior payments must be paid to the preferred stockholders before distributions can be made to the holders of common stock. As of December 31, 2019, the Company's preferred shares were classified as liability, due to the rights of the holders to require a cash settlement not within the control of the Company. On June 5, 2020, the 68,460 preferred shares were converted into equity. As of December 31, 2022, the Company does not have preferred shares.

iii. 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.

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, 2022 and 2021, we performed an assessment of goodwill related to our previous business acquisition which did not result in an impairment charge for either of the years.

N. 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.

O. 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.

P. 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of assets that are less than $5 per month including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Q. 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.

R. Accounting policy development

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Amendments to IFRS 3 Reference to the Conceptual Framework The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Standards, interpretations, and amendments to standards not yet effective and not yet applied

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

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 are currently assessing the impacts of the amended standards, but do not expect that our financial disclosure will be materially affected by the application of the amendments.

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and asset retirement (decommissioning) obligations. Based upon our current facts and circumstances, we do not expect our financial performance or disclosure to be materially affected by the application of the amended standard.

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 shares 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.

U. Intangible Assets

The Company's intangible assets are finite lived and consist primarily of acquired trade name, technology and customer relationships. Each intangible asset is amortized on a straight-line basis over its useful life of 5 years. 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.

V. Treasury Share

During the year ended December 31, 2022, the Company purchased 3.8 million Common Shares which were classified as Treasury shares.

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, 2022.

– *Measurement of fair values*

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as a broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion of these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– *Level 2*: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in the following notes:

– *Note 13* – share-based payment arrangements; and

– *Note 23* – financial instruments.

4. PIPE TRANSACTION

On December 2, 2020, the Company completed an equity investment by private equity funds indirectly controlled by Insight Holdings Group, LLC (the "**Insight Partners**") for gross proceeds of USD $20 million (approximately CAD $26.28 million)

Insight Partners was issued 17.3 million preferred units (the "**Preferred Units**") of a newly and wholly owned subsidiary of the Company, Real PIPE, LLC formed under the laws of the State of Delaware, that were exchangeable into the same number of Common Shares and 17.3 million Common Share purchase warrants of the Company ("**Warrants**"). Each Warrant entitled the holder to subscribe and purchase one Common Share at an exercise price of $1.48 (CAD $1.90) for a period of 5 years, subject to certain acceleration terms. The Preferred Units were exchangeable, at any time at Insight Partners' option, and at the option of the Company on the earlier of: (i) the listing the Common Shares on a nationally recognized stock exchange in the United States; (ii) the Company's market capitalization equaling or exceeding US$500 million for a 30-consecutive trading day period; or (iii) immediately prior to a transaction by which the Company is acquired by a third party on an arms' length basis (each, a "**Forced Exchange Event**"), into Common Shares on a one-for-one basis

On June 15, 2021, in connection with the listing of the Common Shares on the NASDAQ, Real delivered an Acceleration Notice to certain funds managed by Insight Partners providing for the acceleration of the expiry date to June 30, 2021, of an aggregate 17.3 million, previously issued Warrants. All Warrants held by Insight Partners were exercised into Common Shares for gross proceeds of $26.6 million (CAD $32.8 million) on June 28, 2021.

On August 3, 2021, Insight Partners was issued an aggregate of 17.3 million Common Shares in exchange of the Insight Partners' Preferred Units in connection with the Forced Exchange Event.

5. REALTYCRUNCH ACQUISITION

On January 11, 2021, Real completed the acquisition of the business assets and intellectual property of RealtyCrunch Inc. (the "**RealtyCrunch Transaction**"). RealtyCrunch is a collaboration web and mobile app for home buyers and real estate agents. Launched in September 2020, it had attracted over 2,000 real estate agents in the US who use it to streamline communication and document signing with their clients. The RealtyCrunch Transaction was settled in cash for an aggregate purchase price of USD $1.1 million plus 184 thousand Warrants. Each Warrant is exercisable into one Common Share at a price of CAD $1.36 for a period of four years. In connection with the RealtyCrunch Transaction, Real also granted 2.4 million stock options ("**Options**"), which vest over a 4-year period and are not considered part of aggregate purchase price. The Company has determined that the acquisition meets the definition of business combinations within the scope of IFRS 3, Business Combination and has completed the determination to allocate the price among the assets purchased and amount attributable to goodwill. The expense incurred related to the acquisition was $38 thousand for the year ended December 31, 2021.

The following table summarizes the fair value of the acquired assets and assumed liabilities, with reference to the acquisition as of the acquisition date (in thousands):

	Balance at, January 11, 2021
Recognized amounts of assets acquired and liabilities assumed	
Proprietary Technology	563
Goodwill	602
Net Assets Acquired	**1,165**
Consideration	1,100
Warrants Issued	65

We have completed the valuation of the acquired assets and assumed liabilities and have assigned $563 thousand as the fair value of the Company's developed technology and $602 thousand 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 on this acquisition is expected to be deductible for tax purposes.

6. SCOTT BENSON REAL ESTATE INC.

On December 3, 2021, Real completed the acquisition of the common shares of Scott Benson Real Estate Inc in Ontario, Canada. The transaction was settled in nominal cash consideration for an aggregate purchase price of one Canadian dollar. The Company determined that the acquisition meets the definition of business combinations within the scope of IFRS 3, Business Combination and recorded an immaterial gain from bargain purchase. We have completed the valuation of the acquired assets and assumed liabilities and have assigned $23 thousand as the fair value of the Company's intangible assets.

The following table summarizes the fair value of the acquired assets and assumed liabilities, with reference to the acquisition as of the acquisition date (in thousands):

	Balance at, December 3, 2021
Recognized amounts of assets acquired and liabilities assumed	
Intangible Asset	23
Net Assets Acquired	**23**
Consideration	**-**
Bargain gain from acquisition	**23**

7. 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 eEscrow process, reducing errors and saving time. Agents can navigate the entire closing experience in a few clicks using Expetitle's mobile app. As part of the Expetitle Transaction, the Company also acquired 51% ownership of five subsidiaries of Expetitle Inc. 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 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 licenced to operate in at least fifteen states, including the current states of operation, Florida, Georgia, and Texas. As of the reporting date, the contingent terms are met and the company remeasured the contingent consideration accordingly. The Company recognized a liability with a corresponding expense amounting to $600 thousand.

As part of the Expetitle Transaction, Real also granted an aggregate of 700 thousand Options and an aggregate of 1.1 million RSUs to shareholders and members 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 employees 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 grants to the Expetitle employees in the 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 on this acquisition is expected to be deductible for tax purposes.

The following table represent 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)

8. REDLINE REAL ESTATE GROUP 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, will fuel the Company's expansion into Canada's third largest province. The transaction was settled in nominal cash consideration for an aggregate purchase price of one Canadian dollar. The Company has determined that the Redline Transaction meets the definition of business combinations within the scope of IFRS 3, Business Combination and has 12 months from the date of purchase to determine the purchase price allocation among the assets purchased and any amounts attributable to goodwill.

The following table summarizes the fair value of the acquired assets and assumed liabilities, with reference to the acquisition as of the acquisition date (in thousands):

	Balance at November 3, 2022
Recognized amounts of assets acquired and liabilities assumed	
Cash & Cash in Trust	30
Amount Held in Trust	(30)
Net Assets Acquired	-
Consideration	-

9. 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 closing of the LemonBrew Transaction, of which $2 million with be payable in cash and $500 thousand will be payable in restricted share units 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 second 12-month period following closing
- Samir Dedhia and Jason Doshi remaining in their roles to be established with Real during the transaction

These payments are considered separate from the aggregate purchase price. Management believes that there is no likelihood of achieving the performance-based milestone 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 and has 12 months from the date of purchase to determine the purchase price allocation among the assets purchased and any amounts attributable to goodwill.

The following table represents the recognized amounts of assets acquired and liabilities assumed, total consideration, and cash flow related to the LemonBrew Lending acquisition (in thousands). The following amounts are provisional and will be adjusted during the measurement period, and additional assets or liabilities may be recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date:

	Balance at December 9, 2022
Recognized amounts of assets acquired and liabilities assumed	
Cash	12
Other Current Assets	15
Other Assets	119
Goodwill	1,250
Accounts Payables and Accrued Liabilities	(11)
Other Payables	(64)
Net Assets Acquired	1,321
Consideration	
Consideration Paid	800
Equity-settled shared-based consideration	450
Total Consideration	1,250
Cash Flow	
Total Consideration	(1,250)
Equity-settled share-based payment	450
Cash From Investing Activities	(800)

10. REVENUE

A. Revenue streams and disaggregation of revenue from contracts with customers

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Main revenue streams		
Commissions	376,254	120,957
Title	1,869	-
Mortgage Income	19	-
Fee Income	2,378	711
Other	1,236	13
Total Revenue	**381,756**	**121,681**
Timing of Revenue Recognition		
Products transferred at a point in time	381,756	121,681
Revenue from Contracts with Customers	**381,756**	**121,681**

11. EXPENSES BY NATURE

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Commissions and other agent-related costs	**349,806**	**110,587**
Operating Expenses		
General and Administration Expense	**24,155**	**10,573**
Salaries and Benefits	11,733	3,748
Stock Based Compensation for employees	2,778	1,333
Administrative Expenses	1,803	1,006
Professional Fees	5,893	3,425
Depreciation Expense	333	213
Other General and Administrative Expenses	1,615	848
Marketing Expenses	**22,674**	**7,808**
Salaries and Benefits	478	327
Stock Based Compensation for Employees	1	135
Stock Based Compensation for Agents	5,519	2,194
Revenue Share	14,975	4,454
Other Marketing and Advertising Cost	1,701	698
Research and Development Expenses	**4,867**	**3,979**
Salaries and Benefits	2,012	840
Stock Based Compensation for employees	212	1,545
Other Research and Development	2,643	1,594
Total Cost of Sales and Operating Expenses	**401,502**	**132,947**

Finance Expenses

The following table summarizes details behind Finance costs (in thousands) as reported in the consolidated Statement of Income (Loss):

	For the Year Ended	
Description	**December 31, 2022**	**December 31, 2021**
Unrealized Losses (Gains)	(397)	574
Realized Losses (Gains)	24	-
Bank Fees	400	97
Finance Cost	540	(13)
Contingent Consideration	600	-
Other	-	4
Finance Expenses, net	**1,167**	**662**

12. LOSS PER SHARE

A. 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 shares of common stock 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 shares of common stock outstanding plus, if 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	
(in thousands of shares)	**December 31, 2022**	**December 31, 2021**
Issued Common Shares at the beginning of the period	170,483	161,721
Effect of Warrant Exercise	8,526	8,762
Effect of Treasury Return	(1,049)	-
Effect of Treasury Issuance	21	-
Effect of Share Options Exercised	220	-
Weighted-average numbers of Common Shares	**178,201**	**170,483**
Loss per share		
Basic and diluted loss per share	**(0.12)**	**(0.07)**

13. 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 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 shares for the exercise price as determined at 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 Common Shares previously 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 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. Pursuant to the A&R Plan, the maximum number of Common Shares issuable pursuant to outstanding Options at anytime 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 of Common Shares reserved for issuance pursuant to Options under the A&R Plan.

Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Company's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Company replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognized as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Company for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognized as remuneration cost for post-combination service.

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

Grant Date	Number of Instruments	Vesting Conditions	Contractual Life of Options
Balance December 31, 2020	**13,813**		
On January, 2020	60	25% on first anniversary, then quarterly vesting	10 years
On March, 2020	244	immediate	10 years
On March, 2020	100	quarterly vesting	10 years
On March, 2020	250	25% on first anniversary, then quarterly vesting	10 years
On January, 2021	2,441	25% immediately, 25% on first anniversary, then quarterly vesting	10 years
On January, 2021	165	25% on first anniversary, then quarterly vesting	10 years
On January, 2021	1,670	quarterly vesting	10 years
On March, 2021	241	25% on first anniversary, then quarterly vesting	10 years
On March, 2021	114	quarterly vesting	10 years
On May, 2021	190	25% on first anniversary, then quarterly vesting	10 years
On May, 2021	705	3 years quarterly	10 years
On August, 2021	65	25% on first anniversary, then quarterly vesting	10 years
On August, 2021	450	quarterly vesting	10 years
On November, 2021	1,220	25% on first anniversary, then quarterly vesting	10 years
On November, 2021	559	3 years quarterly	10 years
Balance December 31, 2021	**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 4 years 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 August, 2022	10	3 years quarterly vest	10 years
Balance December 31, 2022	**27,057**		

B. Measurement of fair values

The fair value of the stock-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 values at the grant and measurement date were as follows:

	December 31, 2022	December 31, 2021
Share price	$ 1.05	$ 3.69
Exercise price	$1.35 to $2.45	$0.87 to $3.40
Expected volatility (weighted-average)	108.0%	156.0%
Expected life (weighted-average)	10 years	10 years
Expected dividends	- %	- %
Risk-free interest rate (based on US government bonds)	1.95 – 2.89%	1.45%

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, 2022		December 31, 2021	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Outstanding at beginning of year	20,815	$ 0.71	12,851	$ 0.27
Granted	4,770	1.61	8,474	1.70
Forfeited/ Expired	(3,883)	(1.47)	(370)	-
Exercised	(1,389)	(0.23)	(140)	(0.13)
Outstanding at end of year	**20,313**	**$ 0.90**	**20,815**	**$ 0.71**
Exercisable as at end of year	**11,046**		**10,295**	

The stock-options outstanding as of December 31, 2022 had a weighted average exercise price of $0.90 (December 31, 2021: $0.71) and a weighted-average contractual life of 10 years (December 31, 2021: 10 years).

D. Restricted share unit plan

Restricted share unit plan

On September 21, 2020, the Company established a restricted share unit plan (the "**RSU Plan**"). Under the RSU Plan agents are eligible to receive RSUs that, upon vesting, entitle the holder to a Common Share or cash payment in lieu of a Common Share. The RSUs are earned in recognition of personal performance and ability to attract agents to Real. The expense recognized in relation to these awards for the period ended December 31, 2022 was $5.5 million. The stock compensation attributable to agent growth was classified as marketing expense. The stock compensation award granted to FTEs was classified as a General and Administrative expense on the audited consolidated statements of loss and comprehensive loss.

RSUs awarded in the agent incentive program purchase plan are based on a percentage of commission withheld to purchase Common Shares. These RSUs are expensed in the period in which those awards are deemed to be earned with a corresponding increase in equity. All awards under this plan are subject to a 12-month vesting period. Agents pay the Company 15% of commissions until the commission paid to the Company totals $12,000, which is defined as the agent "cap" amount (the "**Cap**"). The Company grants an additional 25% of shares if an agent has not met the Cap and 50% of shares if the agent has met the Cap as a bonus after the 12-month vesting period has passed. The bonuses were adjusted to 15% pre-Cap and 30% post-Cap when the Company surpassed the 5,000 agents milestone on June 16, 2022. The bonus RSUs are expensed in the period the original award is deemed earned with a corresponding increase in stock-based compensation reserve.

RSUs awarded for personal performance and the ability to attract agents earned in recognition of personal performance conditions and are subject to a 3 year vesting period. The Company recognizes this expense during the applicable vesting period based upon the best available estimate of the number of equity instruments expected to vest with a corresponding increase in stock-based compensation reserve.

The following table illustrates the Company's stock activity (in thousands of units) for the restricted share unit plan.

	Units
Balance at, December 31, 2020	**121**
Granted	3,951
Vested and Issued	(76)
Forfeited	(31)
Balance at, December 31, 2021	**3,965**
Granted	16,053
Vested and Issued	(2,504)
Forfeited	(606)
Balance at, December 31, 2022	**16,908**

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

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.

	December 31, 2022			**December 31, 2021**		
	Options Expense	*RSU Expense*	***Total***	*Options Expense*	*RSU Expense*	***Total***
Marketing Expenses – Agent Stock Based Compensation	1,215	4,304	5,519	1,188	1,006	2,194
Marketing Expenses – FTE Stock Based Compensation	-	1	1	135	-	135
Research and Development – FTE Stock Based Compensation	111	101	212	1,545	-	1,545
General and Administrative – FTE Stock Based Compensation	1,702	1,076	2,778	1,316	17	1,333
Total Stock Based Compensation Expense	**3,028**	**5,482**	**8,510**	**4,184**	**1,023**	**5,207**

On May 20, 2021 the Company began transacting under the NCIB to purchase up to 7,170 of its common shares representing approximately 5% of the total 143,404 Common Shares issued and outstanding as of April 30, 2021. Purchases were made at prevailing market prices commencing on or about May 20, 2021 and ending on the earlier of: (i) one year from such commencement; or (ii) the date on which the Company had purchased the maximum number of Shares under the NCIB. The purpose of the purchase of Common Shares under the NCIB is to enable the Company to acquire shares to satisfy its RSU obligations. As of December 31, 2022, there were 8.6 million shares purchased in the amount of $20.7 million.

The Company appointed CWB Trust Services as 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 restricted share unit payments 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. RBC Capital Markets is required to comply with the TSXV NCIB rules in respect of the purchases of Common Shares as the Trustee is considered to be a non-independent trustee by the TSXV for the purposes of the NCIB rules.

14. 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 for investment or other purposes.

Bank balances for which use by the Company is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Company's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

15. 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, 2021**	**Deposit / (Withdraw)**	**Dividends, Interest & Income**	**Gross Unrealized Losses**	**Estimated Fair Value December 31, 2022**
U.S. Government Bonds	5,033	528	91	(172)	5,480
Municipal Bonds	2,900	(1,220)	34	(197)	1,517
Bond Mutual Funds	878	-	-	(38)	840
Investment Certificate	-	55	-	-	55
Short Term Investments	**8,811**	**(637)**	**125**	**(407)**	**7,892**

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 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). An unrealized loss exists when the current fair value of an individual security is less than the amortized cost basis.

16. PROPERTY AND EQUIPMENT

Reconciliation of Carrying Amounts *(in thousands)*

	Computer Equipment	Software	Furniture and Equipment	Total
Cost				
Balance at December 31, 2020	33	-	69	102
Additions	172	-	-	172
Balance at December 31, 2021	205	-	69	274
Additions	413	995	164	1,572
Balance at December 31, 2022	**618**	**995**	**233**	**1,846**
Accumulated Depreciation				
Balance at December 31, 2020	24	-	64	88
Depreciation	15	-	1	16
Balance at December 31, 2021	39	-	65	104
Depreciation on Acquired Assets	92	26	137	255
Depreciation	79	57	1	137
Balance at December 31, 2022	**210**	**83**	**203**	**496**
Carrying Amounts				
Balance at December 31, 2021	166	-	4	170
Balance at December 31, 2022	**408**	**912**	**30**	**1,350**

17. INTANGIBLE ASSETS AND GOODWILL

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, 2022 and 2021, we performed an assessment of goodwill related to our previous business acquisition which did not result in an impairment charge for either of the years.

Reconciliation of Carrying Amounts *(in thousands)*

	Intangible Assets	Goodwill	Total
Cost			
Balance at December 31, 2020	-	-	-
Additions	563	602	1,165
Balance at December 31, 2021	563	602	1,165
Additions	3,370	9,660	13,030
Balance at December 31, 2022	**3,933**	**10,262**	**14,195**
Accumulated Depreciation			
Balance at December 31, 2020	-	-	-
Depreciation	113	-	113
Balance at December 31, 2021	113	-	113
Depreciation	112	-	112
Balance at December 31, 2022	**225**	**-**	**225**
Carrying Amounts			
Balance at December 31, 2021	451	602	1,053
Balance at December 31, 2022	**3,708**	**10,262**	**13,970**

18. CAPITAL AND RESERVES

Share capital and share premium

All Common Shares rank equally with regards to the Company's residual assets. Preference shareholders participate only to the extent of the face value of the shares. The following table is presented in thousands:

	Share Premium		*Non-controlling Interests*		*Non-redeemable Preference Shares*	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
In issue at beginning of year	50,753	21,668	-	14,818	-	-
Issued for cash	-	26,475	-	-	-	-
Conversion	-	14,818	-	(14,818)	-	-
Exercise of stock options	663	207	-	-	-	-
Common shares acquired	(8,060)	(12,644)	-	-	-	-
Release of vested common shares from employee benefit trusts	4,886	229	-	-	-	-
Non-controlling interest	-	-	263	-	-	-
In issue at end of year – fully paid	**48,242**	**50,753**	**263**	-	-	-
Authorized shares	Unlimited	Unlimited	Unlimited	Unlimited	66,000	66,000

Share Consolidation and Share Split

On May 26, 2021, the Company consolidated all of its issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for each four (4) pre-consolidation Common Shares.

On July 12, 2021, the Company implemented a forward split of all of its issued and outstanding Common Shares on the basis of four (4) post-split Common Shares for each one (1) pre-split Common Share.

Non- controlling interests

On December 2, 2020, the Company completed the Insight Partners investment whereby a wholly owned subsidiary of the Company issued 17.3 million Preferred Units at a price of $1.19 (CAD $1.52) per Preferred Unit. The Company also issued 17.3 million Warrants, each exercisable into one Common Share at a price of $1.48 (CAD $1.9)

On June 28, 2021, all Warrants held by Insight Partners were exercised for an aggregate gross price of $26.6 million (CAD $32.8 million)

On August 3, 2021, Insight Partners was issued an aggregate of 17.3 million Common Shares in the exchange of all of the Preferred Units.

On January 21, 2022, the Company completed the acquisition of 100% of the issued and outstanding equity interests of Expetitle. As part of this transaction, the Company also acquired non-controlling interest of $21 thousand which includes the income/(loss) allocated to non- controlling interest holders of certain subsidiaries of Expetitle.

19. CAPITAL MANAGEMENT

Real defines capital as its equity. It is comprised of, Common Shares, contributed capital, retained deficit and accumulated other comprehensive loss. 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 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 periods ended December 31, 2022 and 2021.

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Cash	10,846	25,818
Other Receivables	74	23
Short Term Investments	7,892	8,811
Total	**18,812**	**34,652**

20. LEASE LIABILITY AND RIGHT OF USE ASSET

On December 1, 2017, the Company entered into lease agreement. The Company leases corporate office in New York, NY under a lease agreement dated December 1, 2017, which expires on June 30, 2023. A summary of the changes in the right-of-use asset (in thousands) for the periods ended December 31, 2022, and December 31, 2021 is as follows:

	Right-of-Use Asset
Cost	
Balance at December 31, 2020	502
Additions	-
Balance at December 31, 2021	502
Additions	107
Balance at December 31, 2022	**609**
Accumulated Depreciation	
Balance at December 31, 2020	309
Depreciation	84
Balance at December 31, 2021	393
Acquired Depreciation	59
Depreciation	84
Balance at December 31, 2022	**536**
Carrying Amounts	
Balance at December 31, 2021	109
Balance at December 31, 2022	**73**

The lease liability resulted from the lease agreement is $131 thousand (undiscounted value of $135 thousand, discount rate 4%). This liability represents the monthly lease payment from January 1, 2022 to June 30, 2023. Additionally, the Company acquired leases related to offices in North Carolina and New Jersey (ending on September 30, 2023) as part of the LemonBrew Transaction. The associated leases were transferred to the Company on December 9, 2022. A summary of the changes in the lease liability (in thousands) during the periods ended December 31, 2022, and December 31, 2021 is as follows:

	December 31, 2022	December 31, 2021
Maturity analysis – contractual undiscounted cash flows		
Less than one year	96	94
One year to five years	-	41
More than five years	-	-
Total undiscounted lease liabilities	**96**	**135**
Lease liabilities included in the balance sheet	**96**	**131**
Current	96	91
Non-current	-	40

21. OTHER PAYABLES

The other payables primarily consist of contingent consideration payable as part of closing of the Expetitle Transaction. This was be released after twelve (12) months upon the satisfaction of the following terms and conditions: (i) the key employees from Expetitle remained at their current position with the Company for at least twelve (12) months after the Closing Date and (ii) Expetitle became licenced to operate in at least fifteen states, including the current states of operation, Florida, Georgia, and Texas.

	December 31, 2022	December 31, 2021
Other Payables	588	40
Contingent Consideration	600	-
Total Other Payables	**1,188**	**40**

22. CUSTOMER DEPOSITS

Customer deposits consist of escrow funds payables. This is the 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.

23. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair value *(in thousands)*

	For the Year Ended December 31, 2021					
	Carrying Amount			**Fair Value**		
	Financial Assets Not Measured at FV	Other Financial Liabilities	Total	Level 1	Level 2	Total
Financial Assets Measured at Fair Value (FV)						
Investments in Financial Assets	-	-	-	8,811	-	8,811
Total Financial Assets Measured at Fair Value (FV)	**-**	**-**	**-**	**8,811**	**-**	**8,811**
Financial Liabilities Measured at Fair Value (FV)						
Warrants	-	-	-	-	639	639
Total Financial Liabilities Measured at Fair Value (FV)	**-**	**-**	**-**	**-**	**639**	**639**
Financial Assets Not Measured at Fair Value (FV)						
Cash and Cash Equivalents	25,818	-	25,818	-	-	-
Restricted Cash	3,311	-	3,311	-	-	-
Trade Receivables	254	-	254	-	-	-
Other Receivables	23	-	23	-	-	-
Total Financial Assets Not Measured at Fair Value (FV)	**29,406**	**-**	**29,406**	**-**	**-**	**-**
Financial Liabilities Not Measured at Fair Value (FV)						
Accounts Payable	-	54	54	-	-	-
Accrued Liabilities	-	8,818	8,818	-	-	-
Customer Deposits	-	3,311	3,311	-	-	-
Other Payables	-	40	40	-	-	-
Total Financial Liabilities Not Measured at Fair Value (FV)	**-**	**12,223**	**12,223**	**-**	**-**	**-**

	For the Year Ended December 31, 2022					
	Carrying Amount			**Fair Value**		
	Financial Assets Not Measured at FV	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 year ended December 31, 2022 and 2021, 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 and contract assets represents the maximum credit exposure.

Trade receivables

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 CGUs 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, 2022, the exposure to credit risk for trade receivables and contract asset (in thousands) by geographic region was as follows:

	December 31, 2022	December 31, 2021
US	1,105	230
Other Regions	442	24
Trade Receivables	**1,547**	**254**

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

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 dollar.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar (USD), Israeli shekel (ILS), or Canadian Dollar (CAD) against all other currencies in which the Company operates as of December 31, 2022 and December 31, 2021 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, 2022				
CAD (-5% movement)	355	(355)	456	(456)
ILS (-5% movement)	2	(2)	6	(6)
Balance at, December 31, 2021				
CAD (-5% movement)	43	(43)	4	(4)
ILS (-5% movement)	39	(39)	54	(54)

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, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
CAD	(7,058)	(1,331)	3,474	3,291
ILS	(82)	(1,420)	7,724	191
Total Exposure	**(7,140)**	**(2,751)**	**11,198**	**3,482**

v. Investment risk

The Company invested funds from the Insight Partners financing transaction 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 15.*

24. COMMITMENTS AND CONTINGENCIES

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

25. 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 the CEO, the CFO, the CTO, and the CMO, and other members of the executive team. Executive officers participate in the Company's Amended and Restated Omnibus Incentive Plan (see Note 13.A). Directors and officers of the Company control approximately 37.70% 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):

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Salaries and Benefits	2,435	1,476
Stock-Based Compensation	2,164	2,412
Consultancy	-	270
Compensation Expenses for Related Parties	**4,599**	**4,158**

THE REAL BROKERAGE INC.

Management's Discussion and Analysis
For the Year Ended December 31, 2022
March 16, 2023

Building Your Future, Together

The Real Brokerage Inc. (the "**Company**" or "**Real**") is a technology-powered real estate brokerage, using 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:

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

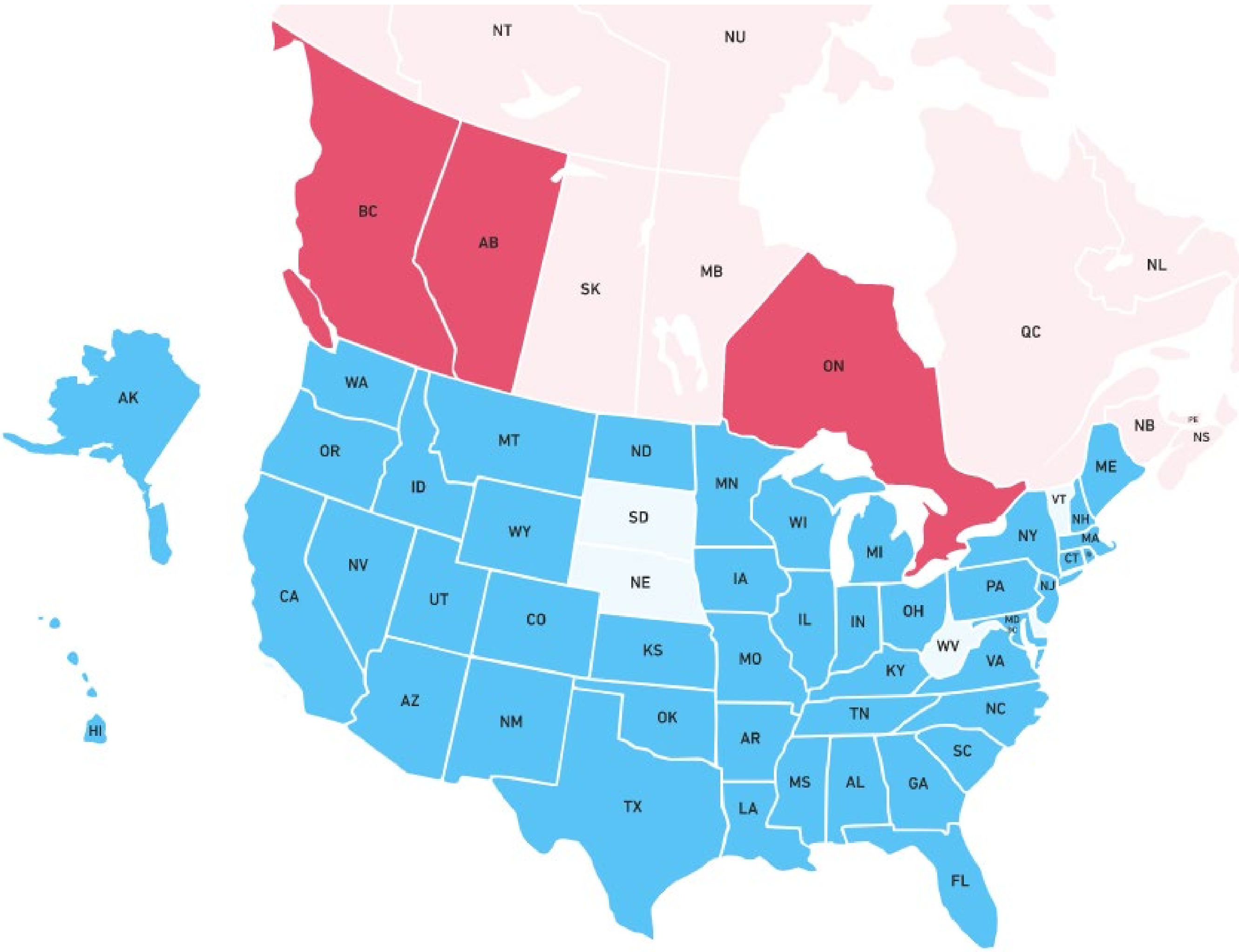
2. 100% mobile brokerage services
We are 100% mobile – so agents have what they need to close the deal at their fingertips and aren't paying for unused office space.

3. 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.

4. Earn more with revenue sharing
Agents can earn a share of revenue generated by agents referred to Real. Each referral earns an agent 5% of Real's portion of an agents' gross commission income up to an annual cap.

2022 Highlights

Real was founded in 2014 and is headquartered in Toronto and New York City. We provide brokerage services for the real estate market in the United States and Canada. On December 31, 2022, we were licensed in 45 states and the District of Columbia in the United States and Alberta, British Columbia, and Ontario in Canada. Real’s fast-growing network of agents allows for strong relationship building, access to a nationwide referral network and seamless expansion opportunities.



8,200	**49**	**$381.8M**	**$14.4B**
Agents, Q4 2022	45 States, D.C. and 3 provinces in Canada Q4 2022	Revenue, fiscal year 2022	Value of sold homes, fiscal year 2022

THE REAL BROKERAGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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 years ended December 31, 2022 and 2021. This MD&A is dated March 16, 2023 and should be read in conjunction with audited consolidated financial statements and related notes for the years ended December 31, 2022 and 2021 (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.

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.

MARKET CONDITIONS AND INDUSTRY TRENDS

Our quarterly results are dependent on the economic conditions of the markets in which we operate. The Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall conditions of the real estate market, which is, among other factors, influenced by general economic conditions, interest rates, unemployment, inventory, and mortgage rate volatility. The Company's revenue from a real estate transaction is recorded only when funds are placed in escrow ahead of the closing of a transaction. Consequently, the timing of revenue recognition can materially affect quarterly results.

Other events and conditions that may have an impact on our business include, but are not limited to, rising inflation, the ongoing conflict in Ukraine, volatility in the U.S. equity markets, and the lingering impacts of the COVID-19 pandemic. Collectively, these factors may contribute to slowed consumer demand, which can impact home affordability and negatively impact home price appreciation. The slowdown in the U.S. residential real estate market in the second half of 2022 had a negative impact on our business and financial results. While we continue to assess the effects of the slowdown on our business and financial results, the ultimate impact will depend on future developments, which are highly uncertain and difficult to predict, as well as the actions that we have taken, or will take, to minimize any current and future impact.

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 tend 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 pay higher mortgage rates. 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 2022, macroeconomic conditions in North America contributed to a slowdown in the residential real estate market, impacting our business and financial results. In particular, 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 425 basis points in 2022. In connection with the increase in the federal funds rates, mortgage rates also increased sharply, with average 30-year rates ending the year at 6.4% from 3.1% at the end of 2022, according to Freddie Mac data.

As a result of higher mortgage rates, total existing-home sale volume in the U.S., which consists of completed transactions that include single-family homes, townhomes, condominiums and co-ops, contracted 17.8% to 5.0 million units in 2022 compared to 2021, according to data reported by the National Association of Realtors. With the exception of January 2022, on a seasonally-adjusted basis volume declined in each month of 2022. Likewise, according to the Canadian Real Estate Association, Canadian national home sale volume fell 25.2% in 2022, the largest annual drop since at least 2001.

Beginning in 2020 during the COVID-19 pandemic and continuing through the first half of 2022, housing prices soared as demand increased while supply remained historically low. A decline in sale prices began to occur in the third quarter of 2022 following the decline in housing demand spurred by higher mortgage rates, with the median U.S. existing home price peaking at $413,800 in June 2022 and declining to $366,500 as of December 2022. However, average home prices remain well above levels experienced prior to the pandemic, and home price appreciation was still slightly positive on a year-over-year basis. Meanwhile, Canadian home sales prices ended the year up 2.4% compared with the prior year.

Despite the sharply lower transaction volumes in the market, the overall impact on the Company has been partially offset by the significant growth demonstrated in the number of agents transacting on our platform.

BUSINESS OVERVIEW AND STRATEGY

Real is a growing technology-powered real estate brokerage in the United States and Canada. We focus 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 we operate.

As a licensed real estate brokerage, our revenue is generated primarily by processing real estate transactions which entitle us to commissions. We pay a portion of our commission revenue to our agents and brokers. Our strength is our ability to offer real estate agents a higher value, through a proprietary technology stack which are a set of technologies, software and tools that are used in the development and deployment of digital products , at a lower cost, compared to other brokerages, while operating efficiently and scaling quickly with increased brokerage oversight.

Real has also identified a major opportunity in creating a seamless end-to-end home buying experience for consumers. We believe that the traditional home buying process is outdated, inefficient and unnecessarily complex for consumers. It is unclear to consumers where they are in the process, which requires interactions with multiple parties (lender, insurance, etc.) over multiple channels, and there is no certainty that the transaction will close according to the desired timeline. We also believe that trust is highly important in real estate transactions, as consumers are making the biggest financial decision of their lives, and our goal is to keep trusted in-person agents at the center of the transaction while layering on a direct-to-consumer, technology-enhanced experience.

A core component of our consumer strategy going forward will be adding the "building blocks" of ancillary services to develop a one-stop shop customer-facing portal. To this end, Real acquired a title company in January 2022 which has rebranded to Real Title. In addition, Real acquired LemonBrew Lending, a tech-enabled home loan platform in December 2022. Real is focused on building, buying, or partnering to deliver additional ancillary services within the medium-term as part of this holistic one-stop shop strategy. We are in development to deliver an end-to-end solution which will take the customer from pre-approval to title purchase to closing on the transaction. By pairing our best-in-class technology with the trusted guidance of an agent we seek to enhance the predictability, organization, and transparency for home buyers, resulting in a more seamless and customer-friendly transaction process.

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.

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. Following our public listing on the TSX Venture Exchange (the "**TSXV**") and subsequent graduation to the TSX, as well as the launch of our Agent Equity Program, we entered a period of growth, driven by an increase in the number of agents joining us on a monthly basis. This trend is reflected in our results, with agents on our platform growing 113% year over year in 2022. We expect to continue to capture market share in 2023.

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 create differentiation between Real and other brokerages. We also believe that margin expansion is closely tied to the improvement of internal operational efficiency through automation and the ability to scale rapidly.

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 guidance of a human real estate expert throughout this exciting and highly emotional transaction. We are currently allocating resources towards the developmental steps that will enable us to capitalize on this opportunity.

Recent developments

Normal Course Issuer Bid

On May 17, 2021, the TSXV accepted the Company's Notice of Intention to implement a normal course issuer bid ("**NCIB**"). Pursuant to the NCIB, during the 12-month period commencing May 20, 2021 and ending May 20, 2022, the Company could purchase up to 7.2 million common shares of the Company ("**Common Shares**"), representing approximately 5% of the total 143.4 million Common Shares issued and outstanding as of April 30, 2021.

On May 19, 2022, the Company announced that it renewed the NCIB to be transacted through the facilities of the NASDAQ and other stock exchanges and/or alternative trading systems in the United States and/or Canada (other than the TSXV), if eligible. Pursuant to the NCIB, Real could 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 Company appointed CWB Trust Services (the "**Trustee**") as the trustee for the purposes of arranging for the acquisition of Common Shares and to hold the Common Shares in trust for the purposes of satisfying restricted share unit ("**RSU**") obligations and to perform other administration matters related to the NCIB. Through the Trustee, RBC Capital Markets was engaged to undertake purchases under the NCIB. RBC Capital Markets is required to comply with the TSXV and NASDAQ NCIB rules in respect of the purchases of Common Shares as the Trustee is considered to be a non-independent trustee by the TSXV for the purposes of the NCIB rules.

The Common Shares acquired are held by the Trustee until the same are sold in the market with the proceeds to be transferred to designated participants or until the Common Shares are delivered to designated participants, in each case under the terms of the Company's equity incentive plans to satisfy the Company's obligations in respect of redemptions of vested RSUs held by such designated participants.

As of December 31, 2022, the Company had repurchased 8.6 million Common Shares for $20.7 million pursuant to the NCIB. A total of 2 million Common Shares have been released from the trust to satisfy the Company's obligations in respect of redemptions of vested RSU held by designated participants.

On July 26, 2022, the Common Shares commenced trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "REAX". Concurrent to the graduation to the TSX, the Common Shares were voluntarily delisted from the TSXV. Trading of the Common Shares will continue on the NASDAQ under the same symbol, "REAX".

Scott Benson Acquisition

On December 3, 2021, the Company completed the acquisition of the common shares of Scott Benson Real Estate Inc in Ontario, Canada. The transaction was settled in nominal cash consideration for an aggregate purchase price of one Canadian dollar. We have completed the valuation of the acquired assets and assumed liabilities and have assigned $23 thousand as the fair value of the Company's brokerage license.

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 $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 the current states of operation, Florida, Georgia, and Texas.. As of the reporting date, the contingent terms were met and the $600,000 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 RSUs to members of the Expetitle team. The Options will vest quarterly over 3 years and are exercisable for a period of 3 years at $3.60 per share. The RSUs will vest quarterly over 3 years. Subsequent to the completion of the Expetitle Transaction, Expetitle Inc. was renamed The Real Title Inc.

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, fuels 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 issued 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 certain agreements with management and key employees of Lemonbrew Lending (the "**LemonBrew Key Employee Agreements**"). The LewmonBrew Key Employment Agreements provide for certain performance-based milestone payments of $2,500,000 payable over 36 months following closing of the LemonBrew Transaction, of which $2,000,000 will be payable in cash and $500,000 will be payable in RSUs.

Business Model

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 add to the Real platform. The program, which launched in November 2019, is having a major impact on our agent count and revenue growth.

We are witnessing momentum in several markets, attributed to the enthusiasm generated locally by influential agents who continue to join Real and attract their colleagues to Real.

Agent's experience

We focus on creating an unparalleled agent experience through development of a unique and comprehensive mobile platform. At its core, our technology is an operating system that allows agents to build their business more rapidly, and assist them with their marketing, productivity, support, education, 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 and launched to all U.S. and Canada-based agents as we continue to develop new features for the benefit of our agents.

This software is the backbone of our transaction processing efficiency and is a key to unlocking operating leverage as we continue to scale. With this update, agents no longer 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 develop our full consumer app, and drives productivity and efficiency for agents. Further, by offering an open application programming interface, Real is giving agents the flexibility to integrate technology partners of their choosing and maintain more control over their 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 lead and mentoring provided by the team leader. To attract teams, we enhanced our team offering to include the full benefits of revenue sharing and the equity program. These incentive programs allow agents and brokers a financial mechanism to build teams across geographical boundaries in any of the markets that we serve. Agents and brokers can build teams 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 is having a positive impact, as reflected in this year's revenue growth.

Consumer vision

Our focus for the future is based on our belief that the home buying experience is broken. It is an outdated process riddled with problems in need of enhanced technology to bring it into the 21st century. In particular, the current status quo results in an experience that is too often:

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

We are building a one-stop-shop platform to provide home buyers and sellers with more predictability, organization and transparency. We believe that building a technology enhanced simplified and consumer platform combined with the help of a Real agent is the industry solution of the future.

OBJECTIVES

Real seeks to revolutionize the residential real estate industry by pairing best-in-class technology with the trusted guidance of a real estate agent. Real delivers a cloud-based platform to improve efficiencies and empower agents to provide a seamless end-to-end experience for home buyers and sellers. Using our proprietary technology, we look to provide agents with all the tools they need to successfully manage and market their business. Real plans to accomplish this through: (i) proprietary integration of technology and tools focused on facilitating and improving tasks performed by agents; (ii) the offering of attractive business terms to agents and creation of multiple potential revenue streams for agents; (iii) providing excellent support and service to our agents; (iv) the creation of a nationwide collaborative community of agents, and; (v) offering wealth building opportunities through equity grants.

Leveraging the engagement of real estate agents and home buyers and sellers, Real will seek to implement its holistic consumer vision, which will generate revenue through a variety of different channels.

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-GAAP measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-GAAP 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 GAAP and have no standardized definitions, and as such, our computations of these non-GAAP measures may not be comparable to measures by other reporting issuers. In addition, Real's method of calculating non-GAAP 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" of 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.

RESULTS FROM OPERATIONS

Select annual information *(in thousands)*

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Operating Results		
Total Revenues	381,756	121,681
Loss from Continuing Operations	(20,335)	(11,679)
Total Comprehensive Loss Attributable to Owners of the Parent	(20,699)	(12,026)
Per Share Basis		
Basic and diluted loss per share (ii)	(0.12)	(0.07)
EBITDA (i) (iii)	**(18,550)**	**(10,804)**
Adjusted EBITDA (i) (iii)	**(8,905)**	**(5,124)**

(i) Represents a non-GAAP measure. Real's method for calculating non-GAAP measures may differ from other reporting issuers' methods and accordingly may not be comparable. For definitions and basis of presentation of Real's non-GAAP measures, refer to the non-GAAP measures section.
(ii) Basic and diluted loss per share are calculated based on weighted average of Common Shares outstanding during the period.
(iii) EBITDA and Adjusted EBITDA are calculated on a trailing twelve-month basis. Refer to non-GAAP measures section of this MD&A for further details.

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Net Loss and Comprehensive Loss	(20,699)	(12,026)
Add/(Deduct):		
Finance Expenses, net	1,167	662
Net Income Attributable to Noncontrolling Interest	242	-
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	407	352
Foreign Currency Translation Adjustment	-	(5)
Depreciation	333	213
EBITDA	**(18,550)**	**(10,804)**

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

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Net Loss and Comprehensive Loss	(20,699)	(12,026)
Add/(Deduct):		
Finance Expenses, net	1,167	662
Net Income Attributable to Noncontrolling Interest	242	-
Cumulative (Gain)/Loss on Investments in Debt Instruments Classified as at FVTOCI Reclassified to Profit or Loss	407	352
Foreign Currency Translation Adjustment	-	(5)
Depreciation	333	213
Stock-Based Compensation	8,510	5,207
Listing Expenses	151	356
Restructuring Expense	222	117
Other Professional Expenses	762	-
Adjusted EBITDA	**(8,905)**	**(5,124)**

For the year ended December 31, 2022, total revenues amounted to $381.8 million compared to $121.7 million for the year ended December 31, 2021, thus demonstrating the effects of the Company's growth. The Company generates substantially all its revenue from commissions from the sale of real estate properties. Other sources of revenue include fee income from the brokerage-platform and other revenues relating to auxiliary services. The increase in revenues is attributable to an increase in productive agents on our platform, as well as expanding the number of states and provinces in which we operate. 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.

For the year ended December 31, 2022, total cost of sales amounted to $349.8 million compared to $110.6 million for the year ended December 31, 2021. 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.

Adjusted EBITDA excludes stock-based compensation expense related to our agent incentive program, stock options, and RSU expense for full time employees and management personnel. 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 13 of the Financial Statements, Share-based payment arrangements, of the Financial Statements.

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

	For the Year Ended		
	December 31, 2022	**December 31, 2021**	***YoY Change***
Major Service Lines			
Commissions	376,254	120,957	*211%*
Title	1,869	-	*-%*
Mortgage Income	19	-	*-%*
Fee Income	2,378	711	*234%*
Other	1,236	13	*9,408%*
Total Revenue	**381,756**	**121,681**	***214%***
Timing of Revenue Recognition			
Products and Services Transferred at a Point in Time	381,756	121,681	*214%*
Revenue from Customers with Contracts	**381,756**	**121,681**	***214%***

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

	For the Year Ended		
	December 31, 2022	**December 31, 2021**	***YoY Change***
Commissions and other agent-related costs	**349,806**	**110,587**	***216%***
Operating Expenses			
General and Administration Expense	**24,155**	**10,573**	***128%***
Salaries and Benefits	11,733	3,748	*213%*
Stock-Based Compensation (G&A)	2,778	1,333	*108%*
Administrative Expenses	1,803	1,006	*79%*
Professional Fees	5,893	3,425	*72%*
Depreciation	333	213	*56%*
Other General and Administrative Expenses	1,615	848	*90%*
Marketing Expenses	**22,674**	**7,808**	***190%***
Salaries and Benefits	478	327	*46%*
Stock-Based Compensation (Marketing - FTE)	1	135	*(99)%*
Stock-Based Compensation (Marketing - Agents)	5,519	2,194	*152%*
Revenue Share	14,975	4,454	*236%*
Other Marketing and Advertising Cost	1,701	698	*144%*
Research and Development Expenses	**4,867**	**3,979**	***22%***
Salaries and Benefits	2,012	840	*140%*
Stock-Based Compensation (Research & Development)	212	1,545	*(86)%*
Other Research and Development	2,643	1,594	*66%*
Total Cost of Sales and Operating Expenses	**401,502**	**132,947**	***202%***

We believe that growth can and should be balanced with profits and therefore plan and monitor spend responsibly to ensure we decrease our losses and work towards being EBITDA positive. Our loss as a percentage of total revenue was 5% for the year ended December

31, 2022 and 10% for the year ended December 31, 2021. More detailed explanations for movements in expenses represented above can be found in the paragraphs below.

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Revenues	381,756	121,681
Commissions and other agent-related costs	349,806	110,587
Cost of Sales as a Percentage of Revenues	**91.6%**	**90.9%**

The total cost of sales for the year ended December 31, 2022, was $349.8 million in comparison to $110.6 million for the year ended December 31, 2021. 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 $12,000, which is defined as the agent "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, the increase in volume and increases in home prices, resulting in a downward pressure as we continue to attract high producing agents. We expect to offset this pressure and increase margins through the growth of title services offered by Real Title and mortgage services offered by LemonBrew Lending, and by adding additional ancillary services that will be integrated into a consumer-facing platform.

Our salaries and benefits expenses for the year ended December 31, 2022 was $14.2 million in comparison to $4.9 million for the year ended December 31, 2021. The increase in salaries and benefits expenses were mainly due to an increase in number of full-time employees from 62 on December 31, 2021 to 118 on December 31, 2022. 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. With revenue growth at 214% in comparison to the year prior, we believe we have proven our ability to do so in a highly efficient manner and with minimal impact on our operational costs. Real's full-time employee ("**FTEs**") to Agent ratio as of December 31, 2022 is 1:69 compared to 1:62 as of December 31, 2021.

Our stock-based compensation expense for the year ended December 31, 2022 was $8.5 million in comparison to $5.2 million for the year ended December 31, 2021. The increase in stock-based compensation expense is primarily due to an increase in agent base resulting in higher number of awards granted as part of our agent incentive program. For the year ended December 31, 2022 and December 31, 2021, we reclassified agent related stock compensation expense from Options and RSUs to marketing expenses. For the year ended December 31, 2022 and December 31, 2021, 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, 2022			**December 31, 2021**		
	Options Expense	**RSU Expense**	**Total**	**Options Expense**	**RSU Expense**	**Total**
Marketing Expenses – Agent Stock-Based Compensation	1,215	4,304	**5,519**	1,188	1,006	**2,194**
Marketing Expenses – FTE Stock-Based Compensation	-	1	**1**	135	-	**135**
Research and Development – FTE Stock-Based Compensation	111	101	**212**	1,545	-	**1,545**
General and Administrative – FTE Stock-Based Compensation	1,702	1,076	**2,778**	1,316	17	**1,333**
Total Stock-Based Compensation Expense	**3,028**	**5,482**	**8,510**	**4,184**	**1,023**	**5,207**

Our consultancy expenses for the year ended December 31, 2022 were $5.9 million in comparison to $3.4 million for the year ended December 31, 2021. The increase in consultancy expenses was largely due to an increase in legal and professional fees associated with the Expetitle Transaction and the LemonBrew Transaction and an increase in our broker and recruiter consulting fees as a result of our expanding geographic footprint.

Our marketing expenses for the year ended December 31, 2022 were $22.7 million compared to $7.8 million for the year ended December 31, 2021, primarily due to our efforts to attract agents. This increase is primarily comprised of $15.0 million in revenue share paid to agents as part of our revenue share model and agent related stock-based compensation expense of $5.5 million. Agents earn revenue share for new agents that they personally refer to Real and are eligible for the equity 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 counts increase so does our expense related to the revenue share and equity incentive programs.

Our research and development expenses for the year ended December 31, 2022 were $4.9 million compared to $4.0 million for the year ended December 31, 2021. The minimal increase is primarily due to the capitalization of costs associated with developing our internal-use cloud-based residential real-estate transaction system. These costs are primarily related to costs incurred in relation to internally created software during the application development stage including costs for upgrades and enhancements that result in additional functionality.

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 – Policy

On initial recognition, a financial asset is classified as measured at: fair value; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions as is not designated as FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
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.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses recognized in OCI and are never 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, 2022 is included below:

	For the Year Ended December 31, 2022					
	Carrying Amount			**Fair Value**		
	Financial Assets Not Measured at FV	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**	**-**	**-**	**-**

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, 2022. 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.

	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	96,118	111,633	112,356	61,649	50,479	38,798	23,095	9,309
Cost of Sales	87,898	103,057	103,064	55,787	46,371	35,477	20,667	8,072
Gross Profit	**8,220**	**8,576**	**9,292**	**5,862**	**4,108**	**3,321**	**2,428**	**1,237**
Administrative Expenses	7,121	5,544	6,116	5,374	3,378	2,043	2,847	2,305
Marketing Expenses	7,061	6,197	5,700	3,716	3,790	2,154	1,214	650
Research and Development Expenses	1,002	1,146	1,680	1,039	682	145	1,157	1,995
Other Income (Loss)	(62)	(231)	(257)	(179)	(249)	-	-	-
Operating Income (Loss)	**(6,902)**	**(4,080)**	**(3,947)**	**(4,088)**	**(3,493)**	**(1,021)**	**(2,790)**	**(3,713)**
Listing Expenses	16	135	-	-	-	-	-	-
Finance Expenses, net	(159)	954	208	164	352	44	201	65
Income (Loss) Before Tax	**(6,759)**	**(5,169)**	**(4,155)**	**(4,252)**	**(3,845)**	**(1,065)**	**(2,991)**	**(3,778)**
Non-controlling interest	(50)	(78)	(53)	(61)	-	-	-	-
Income (Loss) Attributable to the Owners of the Parent	**(6,809)**	**(5,247)**	**(4,208)**	**(4,313)**	**(3,845)**	**(1,065)**	**(2,991)**	**(3,778)**
Other Comprehensive Incomes (loss):								
Unrealized Gains (Losses) on Available for Sale Investment Portfolio	128	(142)	(116)	(277)	(352)	-	-	-
Foreign Currency Translation Adjustment	(58)	(51)	190	204	4	(1)	(43)	45
Comprehensive Income (Loss)	**(6,739)**	**(5,440)**	**(4,134)**	**(4,386)**	**(4,193)**	**(1,064)**	**(2,948)**	**(3,823)**
Non-Operating Expenses:								
Finance Costs	(237)	1,174	377	502	699	43	158	110
Depreciation	108	87	135	3	83	44	44	42
Stock-Based Compensation	3,222	2,057	1,446	1,785	494	(80)	2,045	2,748
Listing Expenses	16	135	-	-	(99)	310	145	-
Restructuring Expense	160	62	-	-	54	3	60	-
Other Expenses	456	25	155	126	-	-	-	-
Adjusted EBITDA	**(3,014)**	**(1,900)**	**(2,021)**	**(1,970)**	**(2,962)**	**(744)**	**(496)**	**(923)**
Earnings per Share								
Basic and Diluted Loss per Share	**(0.038)**	**(0.029)**	**(0.023)**	**(0.025)**	**(0.021)**	**(0.006)**	**(0.053)**	**(0.038)**

LIQUIDITY AND CAPITAL RESOURCES

The Company has a capital structure comprised of Common Shares, contributed capital, retained deficit, and accumulated other comprehensive loss. 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)*

	December 31, 2022	December 31, 2021
ASSETS		
Current Assets	28,369	38,665
Non-Current Assets	15,393	1,332
TOTAL ASSETS	**43,762**	**39,997**
LIABILITIES		
Current Liabilities	21,105	12,314
Non-Current Liabilities	242	679
TOTAL LIABILITIES	**21,347**	**12,993**
TOTAL EQUITY	**22,415**	**27,004**
TOTAL LIABILITIES AND EQUITY	**43,762**	**39,997**

For the year ended December 31, 2022, cash and investments totaled $26.2 million, compared to $37.9 million at December 31, 2021. Cash is comprised of cash held in our banking and investment accounts.

For the year ended December 31, 2022, financing activities used cash of $7.8 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 $8.1 million. Cash flows from investing activities used cash of $9 million mainly due to the Expetitle Transaction ($7.4 million). Cash flows generated in operations was $6.0 million in comparison to $1.7 million for the year ended December 31, 2021.

We believe that our existing balances of cash 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 the manner in which we currently operate. To support and achieve our future growth plans, however, we may need or seek to obtain additional funding through equity or debt financing.

The following table presents liquidity (in thousands):

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Cash and Cash Equivalents	10,846	25,818
Other Receivables	74	23
Investment in Financial Assets[iii]	7,892	8,811
Total Capital [i],[ii]	**18,812**	**34,652**

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

[ii] – Represents a non-GAAP measure. Real's method for calculating non-GAAP 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, 2021**	**Deposits / (Withdrawals)**	**Dividends, Interest & Income**	**Gross Unrealized Gains / (Losses)**	**Estimated Fair Value December 31, 2022**
U.S. Government Bonds	5,033	528	91	(172)	5,480
Municipal Bonds	2,900	(1,220)	34	(197)	1,517
Bond Mutual Funds	878	-	-	(38)	840
Investment Certificate	-	55	-	-	55
Cash Equivalents and Short Term Investments	**8,811**	**(637)**	**125**	**(407)**	**7,892**

The Company holds no debt obligations.

Contractual obligations

As of December 31, 2022, the Company had no guarantees, leases or off-balance sheet arrangements other than those noted in our consolidated financial statement. We have a lease for our New York office that expires on June 30, 2023. The monthly rent expense per the lease for the period ended December 31, 2022 is $7 thousand per month. Additionally, the Company acquired leases related to offices in North Carolina and New Jersey (ending on September 30, 2023) as part of the LemonBrew Transaction. The associated leases were transferred to the Company on December 9, 2022. The following is a schedule of Company's future lease payments under lease obligations (in thousands):

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	96	94
One year to five years	-	41
More than five years	-	-
Total undiscounted lease liabilities	**96**	**135**
Lease liabilities included in the balance sheet	**96**	**131**
Current	96	91
Non-current	-	40

Capital management framework

Real defines capital as its equity. It is comprised of, Common Shares, contributed capital, retained deficit and accumulated other comprehensive loss. 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 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 periods ended December 31, 2022 and 2021.

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. For the year ended December 31, 2022, the total investment in securities available for sale at fair value was $7.9 million and is more fully disclosed in Note 15 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)*

	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue								
Commissions	94,490	110,259	110,999	60,506	50,158	38,613	22,927	9,259
Commissions – YoY QTR	*88%*	*186%*	*384%*	*553%*	*612%*	*886%*	*779%*	*217%*
Title Revenue	477	484	506	402	-	-	-	-
Title Revenue – YoY QTR	- %	- %	- %	- %	- %	- %	- %	- %
Mortgage Income	19	-	-	-	-	-	-	-
Mortgage Income – YoY QTR	- %	- %	- %	- %	- %	- %	- %	- %
Fee Income / Other Revenue	1,132	890	851	741	321	185	168	50
Fee Income / Other Revenue – YoY QTR	*253%*	*381%*	*407%*	*1,382%*	*613%*	*671%*	*282%*	*163%*
Total Revenue	**96,118**	**111,633**	**112,356**	**61,649**	**50,479**	**38,798**	**23,095**	**9,309**
***Total Revenue –** YoY QTR*	***90%***	***188%***	***386%***	***562%***	***612%***	***885%***	***790%***	***217%***

SIGNIFICANT 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. 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.

ACCOUNTING POLICY DEVELOPMENT

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Amendments to IFRS 3 Reference to the Conceptual Framework The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Standards, interpretations, and amendments to standards not yet effective and not yet applied

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

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 are currently assessing the impacts of the amended standards, but do not expect that our financial disclosure will be materially affected by the application of the amendments.

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and asset retirement (decommissioning) obligations. Based upon our current facts and circumstances, we do not expect our financial performance or disclosure to be materially affected by the application of the amended standard.

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 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, 2022.

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* (the Exchange Act)). 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, 2022, 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, 2022.

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 year ended December 31, 2022 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 the CEO, the CFO, the COO, the CTO, the CMO, and other members of the 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, 2022	**December 31, 2021**
Salaries and Benefits	2,435	1,476
Stock-Based Compensation	2,164	2,412
Consultancy	-	270
Compensation Expenses for Related Parties	**4,599**	**4,158**

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 described herein 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 following risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

Limited operating history

Our limited operating history makes it difficult for potential investors to evaluate our business or prospective operations. As a young company, we are subject to all the risks inherent in a developing organization, financing, expenditures, complications and delays inherent in a new business. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive and evolving environment. Our business is dependent upon the implementation of our business plan. We may not be successful in implementing such plan and cannot guarantee that, if implemented, we will ultimately be able to attain profitability.

Managing Agent Growth

Real may not be able to scale its business quickly enough to meet the growing needs of its affiliated real estate professionals and if Real is not able to grow efficiently, its operating results could be harmed. As Real adds new real estate professionals, Real will need to devote additional financial and human resources to improving its internal systems, integrating with third-party systems, and maintaining infrastructure performance. In addition, Real will need to appropriately scale its internal business systems and our services organization, including support of our affiliated real estate professionals as its demographics expand over time. Any failure of or delay in these efforts could cause impaired system performance and reduced real estate professional satisfaction.

These issues could reduce the attractiveness of Real to existing real estate professionals who might leave Real and result in decreased attraction of new real estate professionals and reduced revenue and financial results.

Additional financing

From time to time, Real may need additional financing to operate or grow its business. Real's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other facts, and Real cannot assure anyone that additional financing will be available to it on favorable terms when required, or at all. If

Real raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its Common Shares, and its existing shareholders may experience dilution. If Real is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

Reliance on United States real estate market

Real's financial performance is closely tied to the strength of the residential real estate market in the United States, which is cyclical in nature and typically is affected by changes in conditions that are beyond Real's control. Macroeconomic conditions that could adversely impact the growth of the real estate market and have a material adverse effect on our business include, but are not limited to, economic slowdown or recession, increased unemployment, increased energy costs, reductions in the availability of credit or higher interest rates, increased costs of obtaining mortgages, an increase in foreclosure activity, inflation, disruptions in capital markets, declines in the stock market, adverse tax policies or changes in other regulations, lower consumer confidence, lower wage and salary levels, or the public perception that any of these events may occur. Unfavorable general economic conditions in the United States or other markets Real enters and operates within could negatively affect the affordability of, and consumer demand for, our services which could have a material adverse effect on our business and profitability. In addition, federal and state governments, agencies, and government-sponsored entities could take actions that result in unforeseen consequences to the real estate market or that otherwise could negatively impact Real's business.

Regulation of United States real estate market

Real operates in the real estate industry which is a heavily regulated industry subject to complex, federal, state, provincial and local laws and regulations and third-party organizations' regulations, policies and bylaws. Generally, the laws, rules and regulations that apply to Real's business practices include, without limitation, the Real Estate Settlement Procedures Act ("**RESPA**"), the Fair Housing Act, the Dodd-Frank Act, and federal advertising and other laws, as well as comparable state statutes; rules of trade organizations such as the National Association of Realtors, local Multiple Listing Services, and state and local Associations of Realtors, licensing requirements and related obligations that could arise from our business practices relating to the provision of services other than real estate brokerage services; privacy regulations relating to our use of personal information collected from the registered users of our websites; laws relating to the use and publication of information through the Internet; and state real estate brokerage licensing requirements, as well as statutory due diligence, disclosure, record keeping and standard-of-care obligations relating to these licenses.

Additionally, the Dodd-Frank Act contains the Mortgage Reform and Anti-Predatory Lending Act (the "**Mortgage Act**"), which imposes a number of additional requirements on lenders and servicers of residential mortgage loans, by amending certain existing provisions and adding new sections to RESPA and other federal laws.

It also broadly prohibits unfair, deceptive or abusive acts or practices, and knowingly or recklessly providing substantial assistance to a covered person in violation of that prohibition. The penalties for noncompliance with these laws are also significantly increased by the Mortgage Act, which could lead to an increase in lawsuits against mortgage lenders and servicers.

Maintaining legal compliance is challenging and increases business costs due to resources required to continually monitor business practices for compliance with applicable laws, rules and regulations, and to monitor changes in the applicable laws themselves.

Real may not become aware of all the laws, rules and regulations that govern its business, or be able to comply with all of them, given the rate of regulatory changes, ambiguities in regulations, contradictions in regulations between jurisdictions, and the difficulties in achieving both company-wide and region-specific knowledge and compliance.

Success of the platform

Our business strategy is dependent on our ability to develop platforms and features to attract new businesses and users, while retaining existing ones. Staffing changes, changes in user behavior, changes in agent growth rate or development of competing platforms may cause users to switch to alternative platforms or decrease their use of our platform. There is no guarantee that agents will use these features and we may fail to generate revenue. Additionally, any of the following events may cause decreased use of our platform:

- emergence of competing platforms and applications with novel technologies;
- inability to convince potential agents to join our platform;

- technical issues or delays in releasing, updating or integrating certain platforms or in the cross-compatibility of multiple platforms;
- security breaches with respect to our data;
- a rise in safety or privacy concerns; and
- an increase in the level of spam or undesired content on the network.

Management team

We are highly dependent on our management team, specifically our CEO. If we lose key employees, our business may suffer. Furthermore, our future success will also depend in part on the continued service of our key management personnel and our ability to identify, hire, and retain additional personnel. We do not carry "key-man" life insurance on the lives of our executive officers, employees, or advisors. We experience intense competition for qualified personnel and may be unable to attract and retain the personnel necessary for the development of our business. Because of this competition, our compensation costs may increase significantly.

Monetization of platform

There is no guarantee that our efforts to monetize the Real platform will be successful. Furthermore, our competitors may introduce more advanced technologies that deliver a greater value proposition to realtors in the future. These factors individually or collectively may preclude us from effectively monetizing our business which would have a material adverse effect on our financial condition and results of operation.

Seasonality of operations

Seasons and weather traditionally impact the real estate industry in the jurisdictions where Real operates. Continuous poor weather or natural disasters negatively impact listings and sales. Spring and summer seasons historically reflect greater sales periods in comparison to fall and winter seasons. Real has historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces Real's operating income, net income, operating margins and cash flow.

Real estate listings precede sales, and a period of poor listings activity will negatively impact revenue. Past performance in similar seasons or during similar weather events can provide no assurance of future or current performance, and macroeconomic shifts in the markets Real serves can conceal the impact of poor weather or seasonality.

Agent engagement

Our business model involves attracting real estate agents to our platform. There is no guarantee that growth strategies will bring new agents to our network. Changes in relationships with our partners, contractors, and businesses we retain to grow our network may result in significant increases in the cost to acquire new agents. In addition, new agents may fail to engage with our network to the same extent current agents are engaging with our network resulting in decreased use of our network.

Decreases in the size of our agent base and/or decreased engagement on our network may impair our ability to generate revenue.

Managing growth of operations

Successful implementation of our business strategy requires us to manage our growth. Growth could place an increasing strain on our management and financial resources. To manage growth effectively, we need to continuously: (i) evaluate definitive business strategies, goals and objectives; (ii) maintain a system of management controls; and (iii) attract and retain qualified personnel, as well as develop, train and manage management-level and other employees. If we fail to manage our growth effectively, our business, financial condition or operating results could be materially harmed.

Competition

We compete with both start-up and established technology companies and brokerages. Our competitors may have substantially greater financial, marketing, and other resources than we do and may have been in business longer than we have or have greater name recognition and be better established in the technological or real estate markets than we are. If we are unable to compete successfully with other businesses in our existing market, we may not achieve our projected revenue and/or user targets which may have a material adverse effect on our financial condition.

Volatility

The market price of our Common Shares could fluctuate significantly in response to various factors and events, including, but not limited to: our ability to execute our business plan; operating results below expectations; announcements regarding regulatory developments with respect to the real estate industry; our issuance of additional securities, including debt or equity or a combination thereof, necessary to fund our operating expenses; announcements of technological innovations or new products by us or our competitors; and period-to-period fluctuations in our financial results. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Common Shares.

An investment in our securities is speculative and involves a high degree of risk. Potential investors should be aware that the value of an investment in the Company may go down as well as up. In addition, there can be no certainty that the market value of an investment in the Company will fully reflect its underlying value. Investors could lose their entire investment. Because we can issue additional Common Shares, purchasers of our Common Shares may incur immediate dilution and experience further dilution.

As of the date of this MD&A, we are authorized to issue an unlimited number of Common Shares. Our board of directors (the “**Board**”) has the authority to cause us to issue additional Common Shares without consent of any of shareholders. Consequently, our shareholders may experience further dilution in their ownership of our stock in the future, which could have an adverse effect on the trading market for our Common Shares.

Furthermore, our articles give the Board the right to create one or more new classes or series of shares. As a result, the Board may, without shareholder approval, issue shares of a new class or series with voting, dividend, conversion, liquidation, or other rights that could adversely affect the voting power and equity interests of the holders of our Common Shares, as well as the price of our Common Shares.

Cyber security threats

A cyber incident is an intentional or unintentional event that could threatens the integrity, confidentiality or availability of the Company’s information resources. These events include, but are not limited to, unauthorized access to information systems, a disruption to our information systems, or loss of confidential information. Real’s primary risks that could result directly from the occurrence of a cyber incident include operational interruption, damage to our public image and reputation, and/or potentially impact the relationships with our customers.

We have implemented processes, procedures, and controls to mitigate these risks, including, but not limited to, firewalls and antivirus programs and training and awareness programs on the risks of cyber incidents. These procedures and controls do not guarantee that the financial results may not be negatively impacted by such an incident.

COVID-19 impact

The COVID-19 pandemic (including variants), which began in early 2020, had a had significant impact on the global economy and the financial markets. This unprecedented situation has created considerable risks and uncertainties for the U.S. real estate services industry by disrupting supply chain channels leading to lower housing inventory and making the existing home prices rise significantly.

For the year ended December 31, 2022, the effects of the COVID-19 pandemic on business worldwide lessened. While we did not see adverse impacts of the COVID-19 pandemic on our financial results for the year ended December 31, 2022, the extent of the future impact of the ongoing COVID-19 pandemic on our financial results will depend largely on future developments, including the emergence of new variants of the COVID-19 virus, the severity and transmission rates of the new variants, the duration and extent of the spread of the virus, the timing, availability and effectiveness of vaccines and vaccination rates, and the prevalence of local, regional and national restrictions and regulatory orders in response to the ongoing COVID-19 pandemic, all of which are highly uncertain and difficult to predict.

OUTSTANDING SHARE DATA

As of March 16, 2023, the Company had 179 million Common Shares issued and outstanding.

In addition, as of March 16, 2023, there are 21 million Options issued and outstanding with exercise prices ranging from $0.03 to $3.40 per share and expiry dates ranging from January 2025 to November 2032. Each Option is exercisable for one Common Share. As of March 16, 2023, a total of 19.8 million RSUs are issued and outstanding. Once vested, a total of 19.8 million Common Shares will be issuable pursuant to the outstanding RSUs.

RECENT DEVELOPMENTS

On January 24, 2023, Real announced a new Co-Sponsored Revenue Share program, which launched on February 1, 2023 throughout the U.S and Canada. The program is designed to break down silos and encourage collaboration as the Company continues its rapid expansion. Previously, an agent joining Real was able to name only one sponsor, an existing Real agent who would receive a portion of the brokerage's share of the agent's commission split on the completion of a real estate transaction. Under the new program, an agent can be sponsored by up to two agents, with each agent sharing equally in a portion of Real's split of the commission. Real believes this program is the first of its kind in the industry. In connection with this program, Real also implemented a variety of changes to the agent incentive model to reflect the significant rise in the overall price levels since 2021. These changes include:

- a new $30 per transaction broker review, E&O insurance, and processing fee;
- a new $175 annual fee to participate in our revenue sharing program, and a 1.2% fee on all revenue share payments;
- an increase of $100 to the joining fee, to $249;
- an increase of $60 to the post-Capping transaction fee, to $285;
- an increase of $29 to the transaction fee for Elite agents, to $129;
- an increase of $250 to the annual brokerage fee, to $750.

All changes were implemented on February 1, 2023 for new U.S. agents and will go into effect on April 1, 2023 for all U.S. agents.

ADDITIONAL INFORMATION

These documents, as well as additional information regarding Real, have been filed electronically on Real's website at www.onereal.com and under the Company's profile at www.sedar.com

Corporate Information

BOARD OF DIRECTORS
Tamir Poleg, Chairman & Chief Executive Officer
AJ Malhotra, Director [1]
Guy Gamzu, Director [2]
Larry Klane, Director [1],[2]
Laurence Rose, Director [2]
Vikki Bartholomae, Director [1]

[1] Audit Committee
[2] Compensation Committee

EXECUTIVE TEAM
Tamir Poleg, Chairman & Chief Executive Officer
Sharran Srivatsaa, President
Michelle Ressler, Chief Financial Officer
Pritesh Damani, Chief Technology Officer
Dre Madden, Chief Marketing Officer
Andy Kazeniac, Chief Operating Officer
Alexandra Lumpkin, General Counsel

Stock exchange listing
NASDAQ: REAX
TSX: REAX

EMPLOYEES
As of February 28, 2023 the Company had 142 employees

REGISTRAR & TRANSFER AGENT
Computershare Investor Service Inc.
100 University Avenue, 8th Fl.
Toronto, Ontario M5J 2Y1
T: 1.800.564.6253
E: service@computershare.com
www.computershare.com

For help with questions about the Company, or to
receive additional corporate information, please contact:

INVESTOR RELATIONS
Jason Lee, Vice President of Capital Markets & Investor Relations
Email: investors@therealbrokerage.com

ANNUAL MEETING OF SHAREHOLDERS (VIRTUAL)
June 9, 2023 9:00 AM ET

WEBSITE ADDRESS
www.onereal.com

Our Values

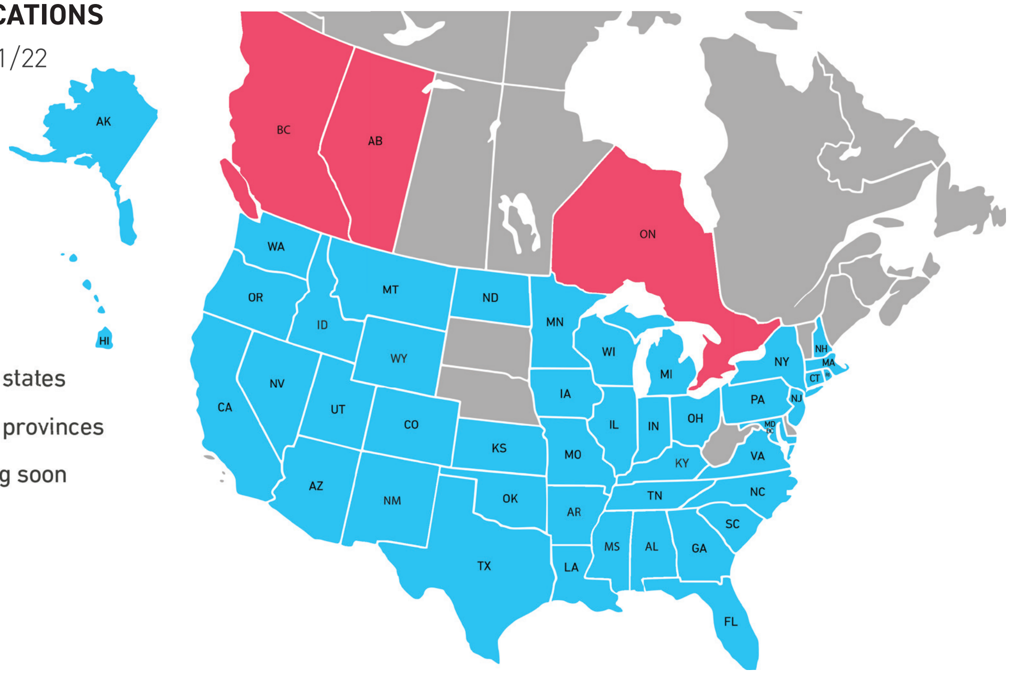
WORK HARD, BE KIND
We care. We make things happen.

SIMPLY GREAT SERVICE
We provide service from our hearts with skill and experience.

EMBRACE, RESOLVE, EVOLVE
Sometimes, things go wrong. We trust in our ability to make mistakes, fix them and learn and grow from them.

MAKE A DIFFERENCE
We are here to make a difference in the industry with forward-looking methods, bold purpose and kindness.

REAL LOCATIONS
As of 12/31/22



Active states
Active provinces
Coming soon

9,000+
AGENTS AS OF FEB. 2023

$14.4B
VALUE OF HOMES SOLD IN 2022

$381.8M
2022 REVENUE

49
45 STATES, D.C. AND 3 PROVINCES IN CANADA

Real Broker, LLC
Licensed Real Estate Broker

Broker is licensed in the following U.S. states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, Wyoming.

Broker is licensed as "Real Brokerage Technologies, Inc", in the State of California, CALBRE #2022092. Office Address: 1420 Kettner Blvd. #100, San Diego, CA 92101
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 Montana.
Broker is licensed as "Real Broker NH, LLC in the State of New Hampshire.
Broker is licensed as "Real Brokerage Technologies, Inc." in the State of Ohio.
Broker is licensed as "Real Broker AB, Ltd." in the Province of Alberta.
Broker is licensed as "Real Broker ON Ltd" in the Province of Ontario.

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