Transcript of
The Real Brokerage, Inc.
The Real Brokerage Third Quarter Earnings Call
November 10, 2022

Participants

Jason Lee - Vice President of Capital Markets and Investor Relations, The Real Brokerage, Inc.
Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.
Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Analysts

Darren Aftahi - Roth Capital Partners
David Marsh - Singular Research
Tom White - D.A. Davidson
Peter Sidoti - Sidoti & Company

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the Real Brokerage Third Quarter Earnings Call. At this time, all participants have been placed on a listen-only mode. And we will open the floor for your questions and comments after the presentation.

I will now turn the call over to Jason Lee, Vice President of Capital Markets and Investor Relations at Real Brokerage. Sir, the floor is yours.

Jason Lee - Vice President of Capital Markets and Investor Relations, The Real Brokerage, Inc.

Good morning, everyone, and thank you for joining us today for Real's Third Quarter 2022 Earnings Call. With me on the call today are Tamir Poleg, our Chairman and Chief Executive Officer; and Michelle Ressler, our Chief Financial Officer. This morning, Real filed its interim financial statements as well as its management's discussion and analysis for the third quarter ended September 30, 2022, on SEDAR and EDGAR. These documents along with the accompanying earnings press release can be found on both SEDAR and EDGAR.

Before I turn the call over to Tamir, I would like to remind everyone that the company will be making statements about its future results and other forward-looking statements during this call. Our actual results may differ materially from these forward-looking statements and the risk factors that could cause these differences are detailed in our Canadian continuous disclosure documents and SEC reports. Real disclaims any intent or obligation to update these forward-looking statements except as expressly required by law.

Now with that, I'd like to turn the call over to Chairman and Chief Executive Officer, Tamir Poleg. Tamir, please proceed.

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Good morning, and thank you, Jason. Q3 was a challenging period for the housing market broadly. During the quarter, the number of residential transactions in the U.S. fell by 11% and the median home sales price moderated by approximately 5% compared to Q2 '22. In Canada, a market in which we continue to see significant growth, volumes and price fell by 14% and 10%, respectively, compared to the prior quarter. Meanwhile, mortgage rates climbed throughout the quarter, exceeding 7% in October for the first time since 2001, which is weighing on current affordability and new transaction volumes.

Against this backdrop, in which many of our peers have reported year-over-year declines in revenue, we posted growth of 188% year-over-year, which we believe demonstrates the resiliency of our model and competitive offering in a tough market. During the quarter, we continued to gain market share, growing both our agent base and total number of transactions processed. As of September 30, 2022, we had over 6,700 agents on our platform, a 20% increase quarter-over-quarter and 126% year-over-year surge. Subsequent to the end of the quarter, we announced we reached the 7,000 agent milestone, which represents an 82% increase from where we were at the beginning of the year.

We experienced growth in both our U.S. and Canadian agent bases. Currently, Canada represents 7.8% of our agents, up marginally from 7.6% in Q2. However, our Canadian agents made up 20% of commission revenue over the quarter, and Ontario represents the fastest-growing region across our footprint with transaction growth of 91% since Q2. Our other highest revenue growth states and provinces include Florida, Minnesota, Washington and Arizona.

Subsequent to the end of the quarter, we announced we are leveraging our existing relationships with Redline Real Estate Group, one of Canada's top brokerage teams that joined Real in October 2021 to serve as the foundation for our expansion into British Columbia and further cementing our presence in the country. While acquiring brokerage firms as a method to grow agent count is not part of our strategy, this nominal acquisition was conducted to acquire Redline's real estate license to operate in BC and gives us a strong foothold in the province.

We look to continue to expand across BC and our next Canadian territory target consists of the Manitoba and Saskatchewan provinces, which we are targeting to open in the first half of 2023. Over the quarter and at our One Real Conference in October, we made several exciting announcements about the development of our business.

First and foremost, we announced we will be launching an early version of our consumer-facing app in the first half of 2023, which will mark the first concrete step in bringing our one-stop shop home buying experience to fruition. The initial version of the app will include a conversational UX design to guide the buyer through the traditionally complex mortgage and title processes and will feature instant preapproval and seamlessly title selection. This will be our first major step in crystallizing our consumer vision, and we are excited to continue to iterate and expand the consumer portal over time.

In September, we signed an agreement to acquire LemonBrew Lending, a tech-enabled home loan platform, delivering on our plan to make an acquisition to get a foothold in the mortgage services space. The acquisition represents an important building block to our consumer-facing strategy of providing a frictionless home buying experience for consumers.

LemonBrew is licensed to provide a full suite of mortgage services across 20 states in the U.S., including Texas, California and Florida. The transaction is expected to close in Q4, after which we expect to have more details to provide on the integration of this business.

Regarding our previous Title acquisition, which we completed in January of this year, we continue to see progress with the launch of JVs into Florida and Georgia in Q3. While the revenue contribution from this business is still small, it remains a significant growth engine for us going forward as we integrate these ancillary businesses within our consumer app. Title is now licensed in 19 states with plans to expand operations to several key states, including California, Utah, Minnesota and Tennessee in Q4 and the first half of 2023.

Subsequent to the end of the quarter, we began exploring opportunities to provide our Title services to non-Real brokerages and already have one signed deal while pursuing others. We look for continued progress on the Title front, and we are excited to continue laying the groundwork for this key building block to gain momentum within our consumer app strategy.

Overall, with respect to our corporate development strategy more broadly, our current approach as we build out our one-stop shop consumer app experiences to focus on partnership or joint ventures on the home insurance side as well as M&A in the agent tool and mortgage services space. However, I want to stress that we are strategic and adaptive. So we are always looking to make opportunistic acquisitions and remain in a favorable position to do so if we see attractive targets.

Elsewhere on the technology front, we announced at the One Real Conference that reZEN, Real's proprietary technology platform has now been launched to all U.S. and Canada-based agents. This is the Real 2.0 moment we touched on briefly last quarter. This software is the backbone of our transaction processing efficiency and is a key to unlocking operating leverage as we continue to scale.

What this means is that our agents will no longer need a third-party system for including new transactions, which gives us greater control with the transaction experience allows us to better integrate our own technology as we develop our full consumer app and drive productivity and efficiency for agents. Importantly, we have built an open platform, which provides more control and flexibility of integration. And for Real, it provides heavy automation of processes to lower costs and supports strong operational scaling.

We also announced that we have expanded our new agent coaching program to include coaching specifically targeted and helping increase the productivity of our more experienced agents. This supplements the mentorship program announced last quarter that focuses on agents new to the industry.

Our new suite of coaching programs empower our agents to start closing transactions more quickly and can improve agent productivity while allowing for increased profitability as we enter the large and growing coaching market.

As part of our focus on growing our presence across the marketplace, we announced the addition of our new Chief Marketing Officer, Dre Madden. Dre brings over 20 years of digital and brand experience and will be responsible for driving brand awareness, increasing corporate visibility and implementing a strategic road map to scale the company's agent base, which will include, amongst other initiatives, hosting in-person events and the development of resources to help our existing agents with attraction.

As we look to close out the year and plan for 2023 and beyond, our top priorities remain building an industry-changing consumer experience, executing on further monetization opportunities on our growing platform and maintaining a cost-effective structure with strong cash management.

And with that, I will turn it over to Michelle for the financial update.

Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Thank you, Tamir, and thank you, everyone, for joining us. I'll start by reviewing some of our key financial results for the third quarter. Despite the headwinds to the industry, we continue to see strong growth on our platform as we continue to gain market share. During the quarter, we witnessed a net addition of nearly 1,100 new agents, bringing the total to over 6,700 at the end of the quarter.

Approximately 24% of our agents joined during the quarter, while over 30% have now been with us for at least one year. Additionally, as Tamir mentioned, subsequent to the end of the quarter, on October 20, 2022, we announced that we surpassed the 7,000 agent milestone as our platform continues to become increasingly more attractive in challenging economic times. This, in fact, underscores the resiliency and power of our business model as we continue to take share in a market where others are struggling.

Turning to our financial results. Revenue during the second quarter was $112 million, which is largely unchanged from Q2 and represents a 188% increase from the same period in 2021. Driving this flat quarter-over-quarter result was the impact of lower home sales prices, offset by agent growth and higher transaction volumes, particularly from our growth in Canada.

The average sale price on closed transactions on our platform in Q3 declined 5.6% to $418,000 from $443,000 in Q2. While the median declined 4% to $360,000 from $375,000 in Q2, which is broadly in line with the relative change seen in market-level data indices.

Commission revenue per agent that closed the transaction over the quarter, one of our core measures of agent productivity moderated to $34,900 from $41,400 during the prior quarter, and the number of transactions completed by this cohort declined to 3.6 from 3.8. The slightly lower productivity is primarily attributable to the overall lower transaction volumes in the housing market as well as moderating prices.

Our highest earning elite agents at the end of the quarter represented only 1% of the total agent base, a slight quarter-over-quarter decline but generated $15 million in commissions, which represents 14% of total commission revenue for the quarter.

Average productivity during the quarter per elite agent was steady at approximately $241,000, we believe Real continues to be the winning solution for productive agents looking to be as efficient as possible even during a market downshift. Real completed 11,233 transactions in Q3, a 197% year-over-year jump, setting a new quarterly transaction record over the platform.

The total value of homes sold in Q3 was $4.2 billion, a 193% year-over-year increase, bringing our year-to-date aggregate value of transactions over our platform to $10.8 billion. To provide some additional insight into transaction size, 55% of commission revenue was generated by our agents representing the buy side, 41% was on the sell side and 4% was from dual agency representation.

This distribution did not change materially quarter-over-quarter and does not include revenue that we booked related to agent referrals, which accounts for approximately 4% of the total. Furthermore, our Canada business represented 20% of commission revenue generated by Real agents in Q3, up from 18% in Q2 as we continue to gain traction there.

Our gross profit increased 158% year-over-year, but gross margin eased to 7.7% from 8.3% in Q2 as our agents are increasingly productive and as a result are exceeding the commission caps. As of September 30, 12.4% of our agents have reached their respective commission caps up from 10.5% in Q2. Capped agents represented 57% of our commission revenue or approximately $62 million.

Our current focus is on gaining market share across the markets in which we operate while building out our consumer vision with the adoption of higher gross margin ancillary businesses. To underline the resiliency of our platform, agent churn during the quarter remained essentially unchanged at 7.3%.

Meanwhile, our revenue churn, which we define as the revenue generated over the prior two quarters that is lost as a result of agents leaving the platform during the quarter held relatively steady quarter-over-quarter, coming in at 2.5%. The differential between these numbers is driven by the fact that the cohort of agents that leave us are, on average, significantly less productive than our agent-based at large.

Additionally, our agents are incredibly experienced with the ability to sell through down cycles. Based on a survey of a sample of our agents conducted at the end of the quarter, I'll note that a very small percentage, 4% in our survey, reported having less than one year of experience as real estate agents. Meanwhile, over two-thirds have at least four years in the industry, including 27% of agents with over 10 years of experience.

The majority of our top-producing agents have significant experience with the know-how to operate through past cycles. As we have said before, we are the ideal platform for experienced productive agents, and we expect to continue to attract this segment of the market. While many of our competitors are now noting their focus on cost efficiency, this is the foundation of how we originated and have always operated. However, we remain committed to maintaining and improving on our lean operating model.

Our operating expense per transaction, excluding revenue share, which is a core component of our agent incentives, declined 10% quarter-over-quarter to 802 from 892 in Q2. Total operating costs declined 4.5% quarter-over-quarter to $12.9 million, highlighted by a 9.4% decline in G&A quarter-over-quarter, and including an 11.4% drop in the expense related to our revenue share program, which is our largest single operating expense.

Our efficiency ratio, which we define as full-time employees, excluding Real title employees, divided by the number of agents that are currently on our platform continued to improve, rising to around one to 77 from one to 62 as of Q2. The ratio of the number of employees on our transaction processing team to transactions processed over the quarter improved significantly to one to 1,404 from one to 1,136 over the prior quarter.

And lastly, the ratio of support staff employees to agents tallied one to 1,119 from one to 939 in Q2. We believe these metrics best highlight the headcount efficiency and scalability of our platform and have translated to enhanced payment fees and processing times for our agents. This is ultimately one of our big competitive advantages for the business.

Our net loss for the quarter was $5.2 million compared to $1 million in Q3 of 2021, translating to a loss per share of $0.03 compared to $0.01 loss per share for the same period last year. Adjusted EBITDA loss for the quarter was recorded at $1.9 million, a slight improvement from the $2 million loss in Q2 of this year. We believe that adjusted EBITDA provides useful information about our financial performance, most importantly, by excluding noncash stock-based compensation that we offer to our agents and employees.

Turning to our financial position. We had $21.9 million in cash on the balance sheet and an additional $9.8 million in short-term investment securities held for sale as of September 30, 2022. This compares to $32.5 million and $4.4 million, respectively, as of June 30, 2022. After taking into effect the change of cash held in escrow, which declined $4.5 million, our true operating cash position fell by $700,000 quarter-over-quarter. Declines in the escrow account were a result of the slowdown in the Canadian housing market and moderating transaction growth in that region. Lastly, we have no debt and no need to raise debt in the near term, which is an important highlight as we navigate the current market.

In conclusion, we continue to cautiously monitor economic shifts while running a cost-conscious company. We remain confident that our business model is one that will continue to attract agents in a market downturn and are poised to continue to take market share from incumbents while investing in our business as we build for the future. As Tamir mentioned, as we look to close out the year with a focus on 2023, our top priorities remain building an industry-changing consumer experience, sharply focusing on the monetization of our growing platform and maintaining a cost-effective structure with strong cash management.

This concludes my financial remarks. I will now ask the operator to open up the line for Q&A. Operator, can you please poll for questions?

Operator

Certainly. Ladies and gentlemen the floor is now open for questions. [Operator Instructions]. Your first question is coming from Darren Aftahi from Roth Capital Partners. Your line is live.

Q: Hey guys. Thanks for taking my questions and nice results. Could you just speak a little bit more to the cohort? I would have thought the productivity of those agents would have fallen more from 3.8 to 3.6, maybe to speak kind of what's going on there? And I guess, did you turn or terminate any productive agents in the quarter like you did last quarter? Thanks.

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Sure. So hi, Darren, and thanks for the question. I think that what we're seeing is that the high performing agents are still performing almost as they had before the slowdown in the market. So we're seeing high performing teams just firing on all cylinders. This is why we just experienced a minor drop in productivity amongst agents. It will be interesting to see what happens in Q4 because I think the consensus in the market is that Q4 transaction volume is going to drop anywhere between 25% to 35%. So we're keeping a close eye on the productivity of our highest performing agents and teams. And as of now, it seems like they're weathering this downturn pretty well. I'm sorry, I forgot the second question that you had about terminating non-productive agents.

So we did not proactively cleaned the roster from non-productive agents in the third quarter. As Michelle mentioned, our revenue churn was 2.5%. The overall agent churn in the quarter was 7.3%. So obviously, there were a lot of non-performing or sub-performing agents that were terminated/chose to leave, but we're very pleased with the churn numbers, but we didn't do anything proactive to terminate non-productive agents in the quarter.

Q: Great. Thanks Tamir. Two more, if I may. Could you speak to -- you just made some comments about the fourth quarter, just kind of the cadence of growth, that 200% transaction number, like how July, August, and September kind of trended year-on-year? And then maybe given that October is done, how that's trended and have you seen a step down in October thus far?

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

As you know, we're not providing guidance. What I can say is that we're seeing great momentum in new agents joining us. And I believe that this is what helped us to offset the downturn in the market in Q3, and I believe that it will be very favorable for us in Q4 and throughout 2023. I think that the One Real Conference really energized our agents and created a lot of awareness in the industry as to what we're building and what we're doing. So we're engaging a lot of conversations right now about -- with the agents and teams that are interested in joining. So I believe that Q4 will be a strong quarter for agent count, and that will also have an impact on our numbers.

Q: That's helpful. And maybe just one last one for Michelle. I know you made mention of the escrow impact on cash flow. So when I'm looking at the cash flow statement, the $3 plus million in the red, is that most of the impact in other payables by escrow? And is that something you foresee kind of impacting the business going forward?

Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Hey, Darren. Thanks for your question. So the decline in the cash flow is due to the decrease in escrow funds held and the assets and other payables. So our operating cash position, which backs out escrow payments only decreased by $700,000. However, the drop in the Canadian market is really what's driving the decrease in the escrow transactions. And we'll just have to see how it plays out in Q4. But obviously, what's happening there will such that portion of our cash flow.

Q: Thanks for the clarity. Thank you.

Operator

Thank you. Your next question is coming from David Marsh from Singular Research. Your line is live.

Q: Hey guys. Good morning. Congrats on the revenue growth. It's really impressive in light of overall economic conditions and conditions in the real estate market. So the year-over-year revenue growth is really impressive. Just a quick question around gross margin, if I may. It was down a bit more sequentially than I'm calculating, about 7.7% in the quarter. I just wanted to get a sense, is this largely due to kind of how the caps work with the agents? And will gross margin just kind of normally decline over the course of a year as agents hit their caps and are earning higher earn-outs?

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Yes, hi, David. Thank you for the question. So gross margin was impacted by two main things. One was the fact that more agents who capped contributed to the revenue in the quarter. So we did not collect the 15% split. We just collected a transaction fee. And the second was the fact that in Canada, the way revenue is booked in many cases is that we as a brokerage, we collect the full commission of the two sides. So our agents and the operating broker. And then we pay the operating broker, and we put that as a cost of sale. Now because Canada was a significant portion of the total revenue in the quarter and because this is how they book revenue, gross margins in Canada are significantly lower and that impacted the overall gross margin.

As to your question about the year progresses and more agents capping: agent caps reset on an anniversary year not in a calendar year. So agents keep capping all the time and their cap are we re-setting throughout the year. We do believe that gross margins will improve because of certain measures that we're going to put in place. But in terms of what affected Q3 gross margin, largely speaking, it's more agents capping and the effect of the Canadian revenue booking method.

Q: That's really helpful to me. Thank you so much. Just another kind of housekeeping question. I just wanted to understand a little bit with regard to your EBITDA reconciliation, you guys have in the stock-based comp figure of $2 million for the quarter, but the number that runs through the cash flow statement is $1.1 million. I was just wondering if you could help me reconcile that and then how to think about that going forward?

Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Sure. Hi. So there are -- there was a $1.2 million P&L reclass just based off of classification between G&A and sales and marketing, which increased the quarter results. Additionally, a portion of our cash flow -- I mean, a portion of our stock-based comp is booked through equity. And software compensation going forward is relatively impacted by a couple of things. So it's impacted by the number of agents who cap, it's impacted by the number of agents who opt to the stock purchase program and is also impacted by fair market value fluctuations. So we'll continue to see some fluctuations there as the company progresses.

Q: Okay. Thanks. That's helpful. I appreciate that. I think that's all I have for the moment. Again, congrats on the revenue growth. It's impressive. Actually, let me sneak one more in, if you don't mind. Could you just comment, Tamir, broadly about the state of the market in terms of transaction volumes in the U.S. and Canada fourth quarter to date?

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

I'm not going to discuss what we see in our business. I can say what we're seeing overall in the market and what we're hearing and the data that we're collecting. So I don't know if you're following mortgage applications, but mortgage applications two weeks ago dropped about 40% year-over-year, and we think that this is a leading indicator to sales eventually.

So as I said, I think that the consensus is that transaction volume in the U.S. will drop 25% to 35% compared to fourth quarter of 2021. I think we're seeing kind of a similar situation in Canada. Canada was -- in the third quarter was impacted more severely than the U.S., but I think that the U.S. is now following it. So yes, I wouldn't be surprised if, again, those numbers will -- in the industry, again, will be around a 25% to 30% transaction volume drop.

Q: That's really helpful. Thanks guys. I really appreciate the time.

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Thank you.

Operator

Thank you. Your next question is coming from Tom White from D.A. Davidson. Your line is live.

Q: Great. Thank you for taking my questions. Two if I could, I guess just first off, on 2023, I realize you guys don't want to give guidance and don't have a crystal ball. But Tamir, I would just be curious to hear how you're feeling or thinking about agent growth? Obviously, subsequent to the end of the quarter, you guys added a slug of more agents. Over the last like few weeks, I don't know, like are you increasingly -- I guess, are you feeling one way or the other about your ability to either kind of sustain the pace of agent adds that you've had over the last several quarters or maybe even potentially increase it if the platform is kind of more appealing for agents in a downturn? Just trying to think about kind of agent growth over the next few quarters?

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Sure. Hi, Tom. I think that what we're seeing in the past few weeks is a great momentum when it comes to conversations with agents and teams about joining us. So I'm very bullish on our ability to attract more agents in the fourth quarter of the year and in 2023 in general. I think that our offering and our model is pretty much the only model that makes sense today, and I'm happy to see a lot of agents just acknowledging that.

As I said, there was an impact coming off from the One Real Conference, which really energized our agents to go in and have conversations with people in their market and a lot of agents that saw all of the shares on social media and really wanted to become a part of it. So I think that 2023 is going to be a very strong year for us in terms of agent attraction. And I can say that I have never been more bullish with the amount of conversations that we're now having.

Q: That's great. Appreciate that. Maybe one other follow-up if I could. Curious how you're thinking or feeling about your pricing, specifically kind of the splits, the level of splits and caps and fees for agents, over this earnings season, there have been a couple of publicly traded brokerages that have either announced increased fees or caps for agents think Redfin last night effectively raised prices on consumer by getting rid of the rebate that they offer home buyer customers, I guess to sort of bolster their finances in advance of a downturn. Is that something that's in the consideration set for you guys raising prices for agents in any way? Just curious about your thoughts on pricing generally?

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Sure. We are looking into our model. And while we do not still that we need to make any changes to the core model of the 85-15 split and the $12,000 cap, we do believe that there are multiple ways to optimize our offering and our business model. Aside from that, we are mindful about gross margins and the fact that we want to achieve to become profitable as a company in the not too distant future.

So we are working on a plan of optimizing the model in a way that will not hurt the agents, but at the same time, we'll generate a couple more millions of dollars to our bottom line. So we intend on having conversations with our agents that are driving us and come to conclusions and then roll out those changes at the beginning of the year. But again, there will be no change to the 85-15 split and the cap.

Q: Okay. Great. Thanks for the color. And congrats on the next quarter.

Tamir Poleg - CEO & Co-Founder, The Real Brokerage, Inc.

Thank you.

Operator

your next question is coming from Steve Sidoti from Sidoti & Company. Your line is live.

Q: Hi, well it's Peter Sidoti, but that's fine. Quick question. Just on your overhead cost. It looks like they even out at about $4 million a quarter. Is that pretty much where you expect them to stabilize have you hit that point of critical mass?

Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Hi Peter. Thank you for joining. The way that we have designed our operating model is one that is incredibly efficient. And I think we're beginning to show that to the market in terms of how we're growing agent count, how we're growing top line revenue and transaction volume without making additional significant investments in headcount. As we mentioned, we've actually decreased our G&A cost 9% over the quarter.

So we continually look for ways to further optimize. We don't see the need to make any additional significant investments in those expense lines anytime in the future. We have the platform to scale to 100,000 agents. And we have the ability to continue processing at what is the fastest times in the industry without any significant cost burden.

Q: Okay. And one other question, just in looking at the cash flow statement, the balance sheet. Are you comfortable that your capital structure now is where it needs to be and the -- there will not be a need for any additional capital near-term?

Michelle Ressler - Chief Financial Officer, The Real Brokerage, Inc.

Yes, thank you. That's a great question. So as I mentioned, our operating cost position decreased by a minimal amount, $700,000 quarter-over-quarter. The large fluctuation was due to cash held in escrow, which is normal course of business for the Canadian operations. The only other large use of capital year-to-date was in relation to the acquisition of Real Title. So we don't see the need to raise any funds anytime soon.

We're incredibly efficient. We have the capital to last for many years to come. However, as the company progresses and we continue to look for additional opportunities for acquisitions, then we would, obviously, at some point in time, likely be looking for more growth capital in order to fund that.

Q: Okay. Thank you very much.

Operator

Thank you, ladies and gentlemen. That concludes our Q&A session and today's conference. Today's conference will be available for replay. The replay phone number is (877)-481-4010 or (919)-882-2331. The replay code is 46760. You may disconnect your phone lines at this time, and have a wonderful day. Thank you for your participation.