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Zacks Small-Cap Research

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reAlpha Tech Corp. (AIRE-NASDAQ)

AIRE: 1Q25 Revenue Ramps, With Peak Homebuying Activity Still Ahead

AIRE's 1Q25 revenue has ramped significantly, with substantial upside potential, we believe, as the traditional peak homebuying season gets underway. According to the National Association of Realtors (NAR), "The housing market exhibits notable seasonality trends…" with peak buying season generally occurring beginning in April and lasting through June. reAlpha believes its AI technology could be a disruptor in the real estate space.

Current Price (5/18/25)	$0.58
Valuation	**$2.60**

OUTLOOK

GTG Financial was acquired in late February 2025 and so did not make a full quarter impact on AIRE's consolidated results. Even so, since closing the acquisition during the quarter, GTG contributed to originating 36 mortgages in 1Q25, representing total loan volume of about $22.4m. 2Q25 – with peak homebuying activity underway – will mark the first quarter with full GTG contribution. As a result of the GTG and Be My Neighbor acquisitions, AIRE's in-house mortgage brokerage operation through the reAlpha platform is licensed to operate in 30 states domestically.

SUMMARY DATA

52-Week High	**$4.49**
52-Week Low	**$0.52**
One-Year Return (%)	**NA**
Beta	**NA**
Average Daily Volume (sh)	**765,139**
Shares Outstanding (mil)	**51**
Market Capitalization ($mil)	**$28**
Short Interest Ratio (days)	**NA**
Institutional Ownership (%)	**NA**
Insider Ownership (%)	**72**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**

*2024 PF

Risk Level	**Above Avg.,**
Type of Stock	**Small-Blend**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0 A	0 A	0 A	0 A	0 A
2024	0 A	0 A	0 A	0.5 A	1 A
2025	0.9 A	1.0 E	1.0 E	1.0 E	4 E

EPS / (LPS)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023					-$0.13 A
2024	-$0.03 A	-$0.03 A	-$0.05 A	-$0.06 A	-$0.17 A
2025	-$0.06 A	-$0.05 E	-$0.05 E	-$0.05 E	-$0.21 E

Quarters might not sum due to rounding, share counts

Disclosures on page 10

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RECENT 1Q25 RESULTS: HIGHLIGHTS

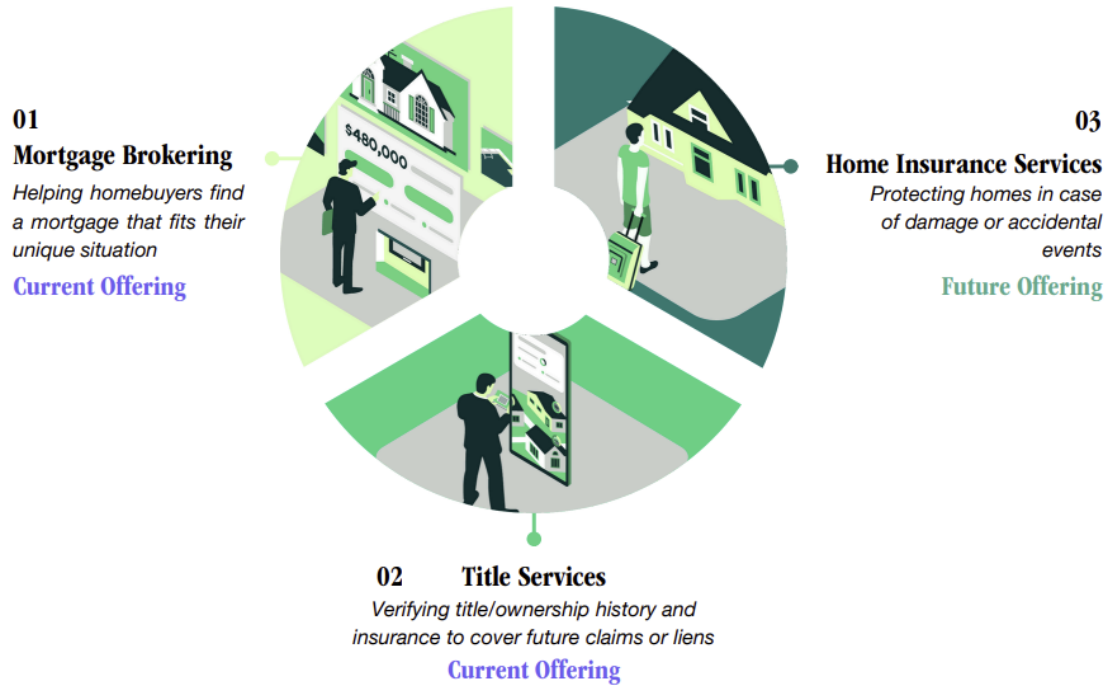
Key recent M&A transactions contribute to revenue ramp; peak homebuying period still ahead

reAlpha Tech Corp. (Nasdaq: AIRE), a real estate technology company developing an end-to-end **commission-free** homebuying platform leveraging artificial intelligence (AI) technologies, reported 1Q25 results last week. The company is at an early stage in its development, having just launched its platform in 2024. Revenue reached $925.6k compared to revenue of only $20.4k registered in 1Q24. We modeled $536.9k. Notably, 1Q25 includes only a partial contribution from the company's recent purchase of GTG Financial, as the acquisition of GTG was completed on February 20, 2025, so 2Q25 will mark the first full quarter with GTG contribution. reAlpha reported a net loss of roughly $2.85 million, compared to a net loss of about $1.41 million in 1Q24. The increase in net loss primarily reflects increased operating expenses as reAlpha consolidated recently acquired businesses.

Importantly, 1Q25 represents revenue ramp ahead of the traditional peak homebuying season indicating, we believe, that there is substantial upside potential as more intense homebuying activity gets underway. According to the National Association of Realtors (NAR), "The housing market exhibits notable seasonality trends…," with peak buying season generally occurring beginning in April and lasting through June. The Association notes that:

> The market experiences a surge in activity, reaching its peak in June. Warmer weather and the end of the school year encourage more people to buy and sell, respectively. Buyers are looking to move and settle before the new school year begins, contributing to increased competition and, consequently, higher prices.

As competition intensifies during peak homebuying season, we expect the company to record further revenue ramp. The company believes it can make it easier for prospective homebuyers, sellers and realtors to find or sell properties at appropriate prices and minimize the challenges of navigating through the process by using the homebuying guidance tools available to them on the reAlpha platform. Moreover, AIRE remains focused on maintaining scalable technology infrastructure to support rising usage as homebuying activity climbs.



Source: Company presentation

At the same time, reAlpha continues to expand its offerings organically and through strategic M&A. For example, it recently introduced a comprehensive internal lead tracking system, as well as a new interface for subsidiary Be My Neighbor. reAlpha also acquired GTG Financial in 1Q25. GTG Financial is a mortgage brokerage company licensed to operate in multiple U.S. states, including California. In addition to its position as the country's most populated state, California can also be a particularly challenging market in which to buy or sell residential property, reflecting a severe housing shortage throughout much of the state. In our view, this highlights the potential benefits of the company's offerings as important tools to help navigate the process.

With only partial quarter contribution, GTG contributed to originating 36 mortgages in 1Q25 representing total loan volume of about $22.4m

Acquisitions are a key component of reAlpha's growth strategy to broaden the range of services related to residential real estate transactions that it offers, while maintaining zero commission and charges. The GTG acquisition is intended to complement the company's 2024 acquisition of Be My Neighbor. It also underscores AIRE's focus on the mortgage brokerage market. Since closing the acquisition in the quarter, GTG contributed to originating 36 mortgages in 1Q25 representing total loan volume of about $22.4 million. Mortgage brokerage services, as well as title services, are among the top revenue sources targeted within the company's growth strategy. As a result of the GTG and Be My Neighbor acquisitions, AIRE's in-house mortgage brokerage operation through the reAlpha platform is licensed to operate in 30 states domestically.

In addition to GTG, the company also acquired a controlling stake in Hyperfast Title in July 2024, which enabled AIRE to offer title services in three U.S. states. Other recent transactions include an 85% stake in AiChat in July 2024, which enhanced reAlpha's AI capabilities in conversational customer engagement and expanded its presence in the Asia-Pacific region.

reAlpha expects to close additional strategic M&A transactions to expand services to homebuyers using the reAlpha platform and boost revenue. Additional M&A might include of home-showing companies, wholesale mortgage lenders, companies providing services for post-closing services and real estate brokerages, among other potential acquisition candidates, as well as to expand its footprint and reach. As the company builds out its geographic reach, we expect market expansion into key states to be a likely catalyst to accelerate revenue growth.

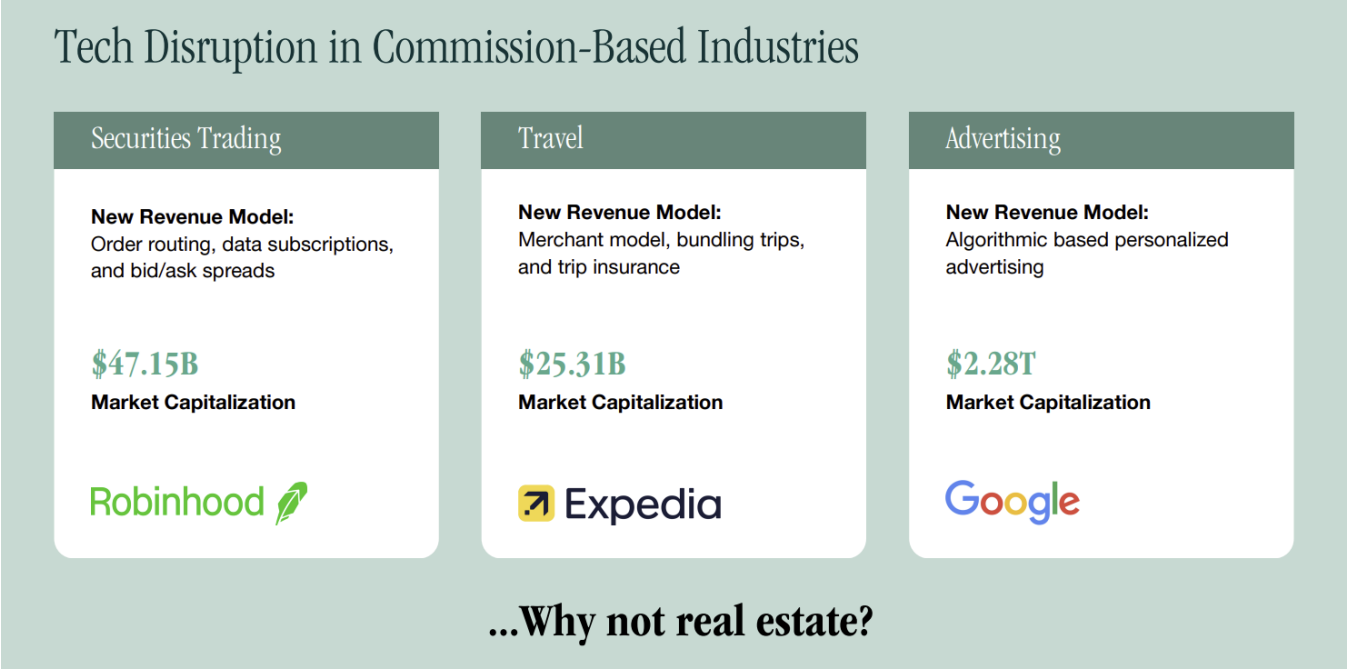
Promoting the platform & brand as peak homebuying season gets underway

To promote the platform and brand, the company recently formed a strategic investment of $5 million from Mercurius Media Capital, a media fund that provides advertising inventory in exchange for equity in companies, in exchange for preferred shares. This transaction gives AIRE access to marketing exposure across multiple media and conserve cash. One of the company's active promotional campaigns is marketing the reAlpha platform on Willow TV, the leading broadcaster of cricket in the U.S. and Canada. The company's campaign is running across all 50 U.S. states.

With a new Chief Marketing Officer (CMO) to oversee its marketing, and communications activities, AIRE expects to optimize the benefits of this media spend. Last month the company appointed Cristol Rippe as its CMO. She has more than 20 years of experience building and scaling emerging companies in the fintech and real estate sectors. Prior to her most recent experience at Landed fintech, she was the founding marketing leader at Root Insurance, where she led the marketing team through a growth phase that contributed to Root reaching more than $600 million in annual written premiums and paved the way for its IPO in October 2020.

Company views AI as strategic industry disruptor

The company believes AI can be a disruptive technology in the proptech space and that it can gain market share by leveraging its growing portfolio of AI-enabled applications to make it easier and more convenient for buyers to research market trends. reAlpha is developing a portfolio of technology solutions that enable prospective buyers, sellers or renters to analyze properties in order to make informed investment or divestiture decisions.



Source: Company presentation

For most people, purchasing a home is probably the largest financial transaction they make. Real estate is the world's largest asset market, according to *The Economist*. Given that purchasing a home is likely probably the largest financial transaction most people make and the world's largest asset market, according to *The Economist*. This makes it paramount that prospective buyers and sellers obtain pertinent information before entering into a transaction. Currently, the process of analyzing a real estate property as a potential investment can be cumbersome as prospective buyers must search multiple databases. reAlpha helps streamline the process by searching and delivering information about prospective properties based on investment criteria established by the prospective buyer / seller.

AIRE expects zero commission model will gain traction, with aftermath of NAR settlement positive backdrop

Importantly, the reAlpha real estate technology platform is AI-powered and commission free (the company's tagline is *"No fees, just keys"*). reAlpha expects the platform to benefit from an expected significant shift in how transactions are conducted in the real estate sector following a recent landmark decision in the NAR case, which is generally viewed as launching a transformation in the real estate industry that includes the elimination of 6% standard commissions and made commissions negotiable. In fact, many within the industry believe the NAR decision could lead to a paradigm shift within the residential housing market. In fact, according to the New York Times citing industry players, "With [the NAR] settlement, the process of buying and selling a home is now in for another historical change.

By eliminating commission fees, reAlpha expects to transform the homebuying experience and to generate revenue from multiple related services. As noted, mortgage brokerage and title services are among the top expected revenue sources. Moreover, the platform is available to users 24-7, which is also

expected to make the tools attractive to users who need to obtain information and other useful services outside of standard business hours.

Balance sheet, liquidity

The company had cash and cash equivalents of $1.2 million, compared to $3.1 million at year-end 2024. Subsequent to the end of the quarter, reAlpha closed the exercise of warrants, raising gross proceeds of about $3.1 million, implying a pro forma cash position of about $4 million. To enhance its financial flexibility, AIRE also has an ATM (At the Market) agreement in place.

VALUATION

AIRE is optimistic about its growth plans and strategy as it expands its presence in additional states and adds new AI-supported services it offers on the platform. With recent M&A transactions discussed above, AIRE has potentially expanded its footprint and intends further market expansion activities, potentially adding new brokerage licenses to further expand its footprint.

Following better than forecast 1Q25 revenue, we have revised our subsequent quarterly revenue estimates upward and now model about $4 million in revenue in 2025. Reflecting potential concerns about the economic outlook, we assign a 90% risk adjustment multiple to our 2025 revenue forecast at this point. If revenue ramps faster than we anticipate and concerns about the economic outlook lessens – particularly given the expectation of tariffs and other government measures – we might increase / lower our confidence multiple in the future.

We believe it is difficult to compare AIRE shares to those of other publicly traded companies. Nevertheless, using public companies that operate in the space as a benchmark, on a price-to-sales (P/S) basis, these players trade at a wide range of multiples of forward revenue that range from <1x to >7x. We would expect AIRE to record faster growth at this early stage in its development off a significantly lower base. If the company successfully expands its operating footprint over 2025, we believe it could generate significantly higher revenue by 2026-28 in the $15 to $18 million range. We apply a P/S multiple at the higher end of the above noted range and also apply the above noted risk adjustment discount for the higher risk AIRE faces. On this basis, we derive a valuation of about $2.60 per AIRE share.

If the company delivers milestones earlier than anticipated, it could impact these multiples and adjustments. Conversely, any delay or failure in successful execution of the company's strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- On May 15, 2025 reAlpha announced 1Q25 results.
- On April 27, 2025, AIRE appointed Cristol Rippe as CMO.
- On April 8, 2025, reAlpha announced the exercise of warrants for $3.1 million gross proceeds.
- On April 1, 2025, the company announced 2024 results.
- On March 9, 2025, AIRE secured a $5m media-for-equity investment.
- reAlpha acquired GTG Financial, Inc. on February 23, 2025.
- reAlpha appointed Vijay Rathna as Chief Crypto Officer on February 5, 2025, and Piyush Phadke as CFO on January 29, 2025.
- On December 19, 2024, reAlpha launched an enterprise version of its platform for corporate relocation programs.
- On November 20, 2024, reAlpha acquired USRealty and invested in Unreal Estate to facilitate its expansion into 33 U.S. states.
- On November 11, 2024, reAlpha announced a roughly 440+% 3Q24 revenue increase.
- On October 17, 2024, reAlpha's 'Be My Neighbor' subsidiary secured a mortgage broker license in New Mexico.
- On October 13, 2024, reAlpha's subsidiary AiChat partnered with M1, a telecom provider, to launch an integration with WhatsApp Pay.
- reAlpha invested in Xmore AI to advance AI-powered cybersecurity solutions on September 29, 2024.
- On September 8, 2024, reAlpha acquired Be My Neighbor.

RISKS

We believe risks to AIRE achieving its goals, and to our valuation, include the following, among others.

- AIRE might not gain market share as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Government initiatives such as tariff impositions could cause economic repercussions that impact the real estate sector more than management anticipates.
- The inflation and interest rate environments might have a greater impact on overall transaction volumes and on revenue than the company expects.
- Insiders hold a majority of the shares and their interests could differ from that of public shareholders.
- Economic and interest rate uncertainty could cause buyers to postpone purchases of real estate.

PROJECTED FINANCIALS

reAlpha Income Statement and Projections ($)

	1Q24	2Q24	3Q24A	4Q24A	2024A	1Q25A	2Q25E	3Q25E	4Q25E	2025E
Revenues	$20,426	$62,353	$339,227	$526,414	$948,420	$925,635	$1,006,165	$1,016,227	$965,416	$3,913,443
Cost of revenues	18,249	18,250	113,361	152,224	302,084	406,968	442,713	447,140	424,783	1,721,603
Gross Profit	2,177	44,103	225,866	374,190	646,336	518,667	563,453	569,087	540,633	2,191,839
Operating Expenses										
Wages, benefits and payroll taxes	418,902	476,179	779,561	1,166,949	2,841,591	1,060,104	1,166,248	1,166,831	1,169,165	4,562,349
Repairs & maintenance	749	846	1,537	84	3,216	854	863	871	880	3,468
Utilities	1,663	979	2,555	6,348	11,545	5,213	6,476	6,540	6,606	24,835
Travel	46,964	64,317	75,424	72,956	259,661	60,991	58,948	59,538	60,133	239,611
Dues & subscriptions	12,113	24,385	37,491	44,420	118,656	52,232	52,754	53,282	53,815	212,083
Marketing & advertising	76,784	130,378	243,362	341,902	793,004	518,939	524,128	529,370	370,559	1,942,996
Professional & legal fees	468,725	311,792	441,569	902,860	2,124,946	742,159	650,059	656,560	663,125	2,711,903
Depreciation & amortization	71,453	69,331	163,439	(22,128)	282,095	179,149	179,507	181,302	183,115	723,074
Other operating expenses	211,482	176,162	170,548	353,061	911,268	321,284	324,497	327,742	331,019	1,304,542
Total operating expenses	1,308,835	1,254,369	1,915,486	2,866,452	7,548,950	2,940,925	2,963,481	2,982,036	2,838,418	11,724,860
Operating Loss	(1,306,658)	(1,210,266)	(1,689,620)	(2,492,262)	(6,902,614)	(2,422,258)	(2,400,028)	(2,412,949)	(2,297,785)	(9,533,021)
Other incl'g chg in fair value		129,751	-	(161,500)		93,000				93,000
Interest expense, net	10,445	(1,041)	(119,485)	(202,431)	(333,759)	205,247				205,247
Other expense, net	101,103	(396,756)	(289,469)	318,118	(500,601)	129,846				129,846
Gain on sale & other	-	-	-	-	-	-	-	-	-	-
Total other (expense) income	111,548	(268,046)	(408,954)	(45,813)	(834,360)	428,093	414,791	417,280	419,784	1,679,948
Pretax income (loss)	(1,418,206)	(1,478,312)	(2,098,574)	(2,538,075)	(7,736,974)	(2,850,351)	(1,985,237)	(1,995,669)	(1,878,001)	(7,853,073)
Taxes				54,260	54,260	-	-	-	-	-
Net loss	(1,418,206)	(1,478,312)	(2,098,574)	(2,483,815)	(7,682,714)	(2,850,351)	(1,985,237)	(1,995,669)	(1,878,001)	(8,709,259)
Non-Controlling Interests	(65)	17	(26)	753	679	(409)	(397)	(399)	(376)	(1,581)
Other	-	-	(33,917)	(18,305,718)	(18,339,635)					
Net inc (loss) AIRE	(1,418,980)	(1,478,329)	(2,132,465)	(20,789,533)	(26,022,349)	(2,849,942)	(1,984,840)	(1,995,270)	(1,877,626)	(8,707,678)
EPS / (LPS) FD continuing ops	($0.03)	($0.03)	($0.05)	($0.06)	($0.17)	($0.06)	($0.05)	($0.05)	($0.05)	($0.21)
EPS / (LPS) FD	($0.03)	($0.03)	($0.05)	($0.46)	($0.58)	($0.06)	($0.05)	($0.05)	($0.05)	($0.21)
Avg shares out FD	44,122,091	44,224,893	45,135,287	44,883,432	44,631,577	47,662,152	51,248,840	51,748,840	51,748,890	50,602,181

Source: Company reports, Zacks estimates

*8-month transition period reflecting change in FY end from April 30 to Dec 31 effective Dec 2023

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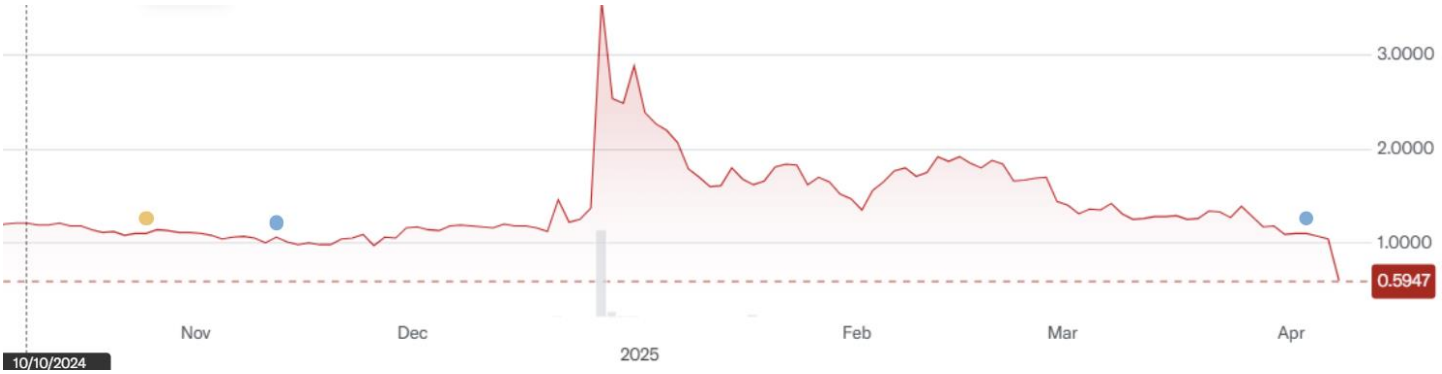
HISTORICAL STOCK PRICE



Source: Yahoo Finance

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