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Zacks Small-Cap Research

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reAlpha Tech Corp. (AIRE-NASDAQ)

AIRE: Positive Takeaways From Recent Virtual Meeting With Management as Company Names New CEO

Last week we met virtually with management of reAlpha Tech and present our positive takeaways in this note. reAlpha appointed Mike Logozzo its CEO. As he previously served as COO & CFO before that, he understands the company's strategy and goals, having played a key role in helping reAlpha move the strategy forward to-date. reAlpha expects to continue to scale its offerings and services via both organic measures and strategic M&A.

Current Price (6/9/25)	$0.50
Valuation	**$2.60**

OUTLOOK

With only a partial contribution from recently acquired mortgage brokerage company, GTG Financial, and before peak homebuying season had begun, 1Q25 revenue reached $925.6k vs $20.4k in 1Q24. As competition intensifies during the peak homebuying spring-summer season, we expect the company to record further revenue ramp as homebuying activity climbs. We also believe the GTG acquisition underscores AIRE's focus on offering mortgage brokerage, title and home insurance services, which are also expected to lead to recurring revenue opportunities & potentially help smooth out the seasonality of homebuying trends.

SUMMARY DATA

52-Week High	**$4.49**
52-Week Low	**$0.44**
One-Year Return (%)	**NA**
Beta	**NA**
Average Daily Volume (sh)	**807,293**
Shares Outstanding (mil)	**51**
Market Capitalization ($mil)	**$26**
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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POSITIVE TAKEAWAYS OF VIRTUAL MEETING WITH MANAGEMENT

New CEO as company consolidates recent M&A, expands its footprint & aligns service offerings

Last week we met virtually with management of reAlpha Tech Corp. (Nasdaq: AIRE), a real estate technology company developing an end-to-end **commission-free** homebuying platform leveraging artificial intelligence (AI) technologies. We present our positive takeaways in this note. The company is at an early stage in its development, having just launched its platform in 2024 and established a team that it believes can oversee its strategy and anticipated growth.

Consistent with this strategy, reAlpha appointed Mike Logozzo its Chief Executive Officer last week to replace its founder, Giri Devanur, in that role. Giri Devanur steps into the role of reAlpha's Executive Chairman of the Board. Just prior to this appointment, Mike Logozzo served as the company's President and Chief Operating Officer, having been reAlpha's Chief Financial Officer before that. He will serve as its Interim Chief Operating Officer until the company names a successor for the COO position. He has played a key role in helping reAlpha expand its footprint, introduce its AI platform and strengthen its real estate, mortgage, and title capabilities, according to the company.

Going forward, reAlpha expects to continue to scale its offerings and services via both organic measures and strategic M&A. Reflecting what we see as the growing traction of the platform, with only a partial contribution from the company's recent purchase of GTG Financial (completed on February 20, 2025), reAlpha's revenue reached $925.6k in 1Q25 compared to revenue of only $20.4k registered in 1Q24. GTG Financial is a mortgage brokerage company licensed to operate in multiple U.S. states, including California, the country's most populated state and a residential real estate market that presents challenges that reflect a severe housing shortage throughout much of the state.

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.

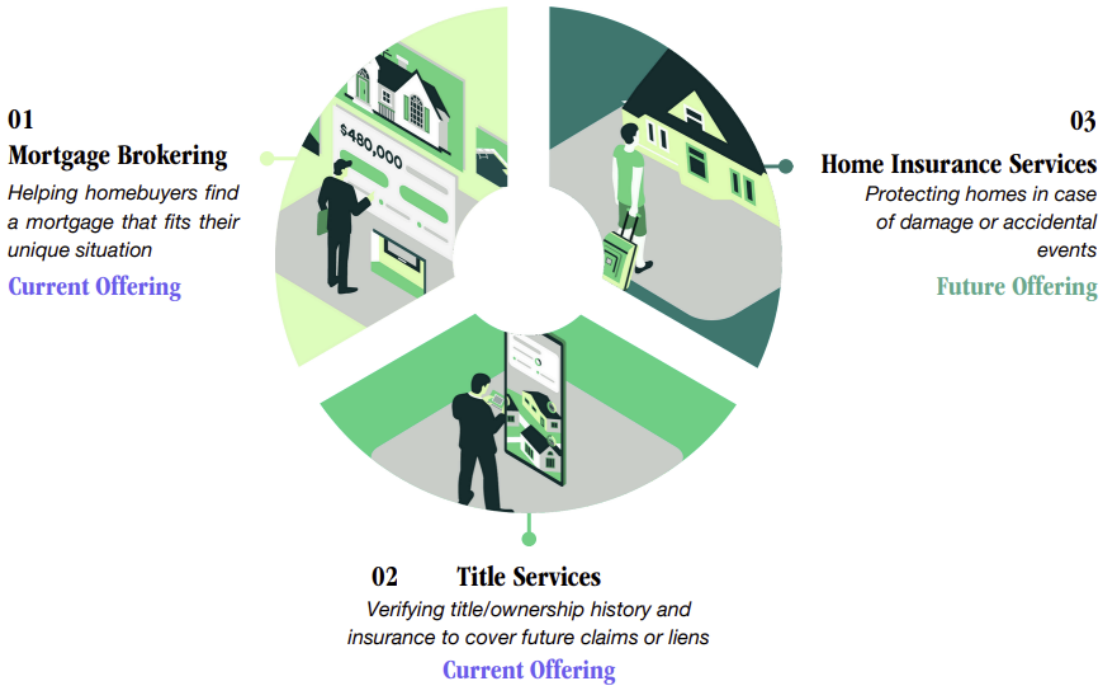
Importantly, 1Q25 represents revenue ramp ahead of the traditional peak homebuying season and 2Q25 will mark the first full quarter with GTG contribution. We therefore believe that there is substantial upside potential as more intense homebuying activity gets underway. According to the National Association of Realtors (NAR), "The housing market exhibits notable seasonality trends…," with peak buying season generally occurring beginning in April and lasting through June.

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.

This year's peak homebuying season has started slowly, according to the NAHB (National Association of Home Builders), which was largely anticipated, given the uncertain economic, interest rate uncertainty. Nevertheless, given the early stage in the company's development and growth, combined with the expected appeal of its zero commission offering and the size of the U.S. housing market, which Redfin puts at roughly $49.7 trillion, we anticipate growth for AIRE during this period. Given that reAlpha recognizes revenue once a real estate transaction closes, the full impact of the anticipated increased usage of the platform and offerings are likely to show in the company's 2H25 results.

Mortgage brokerage, title and home insurance services expected areas of expansion

reAlpha continues to expand its offerings organically and through strategic M&A. 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, which along with title services and home insurance services are the expected areas where the company likely expands its offerings in the near- and medium-term. Entering the home insurance niche and expanding its mortgage capabilities are also expected to lead to recurring revenue opportunities that can also potentially help smooth out the seasonality of the homebuying period, with annual insurance fees and potential refinancing transactions examples.



Source: Company presentation

In terms of its title capabilities, 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. 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

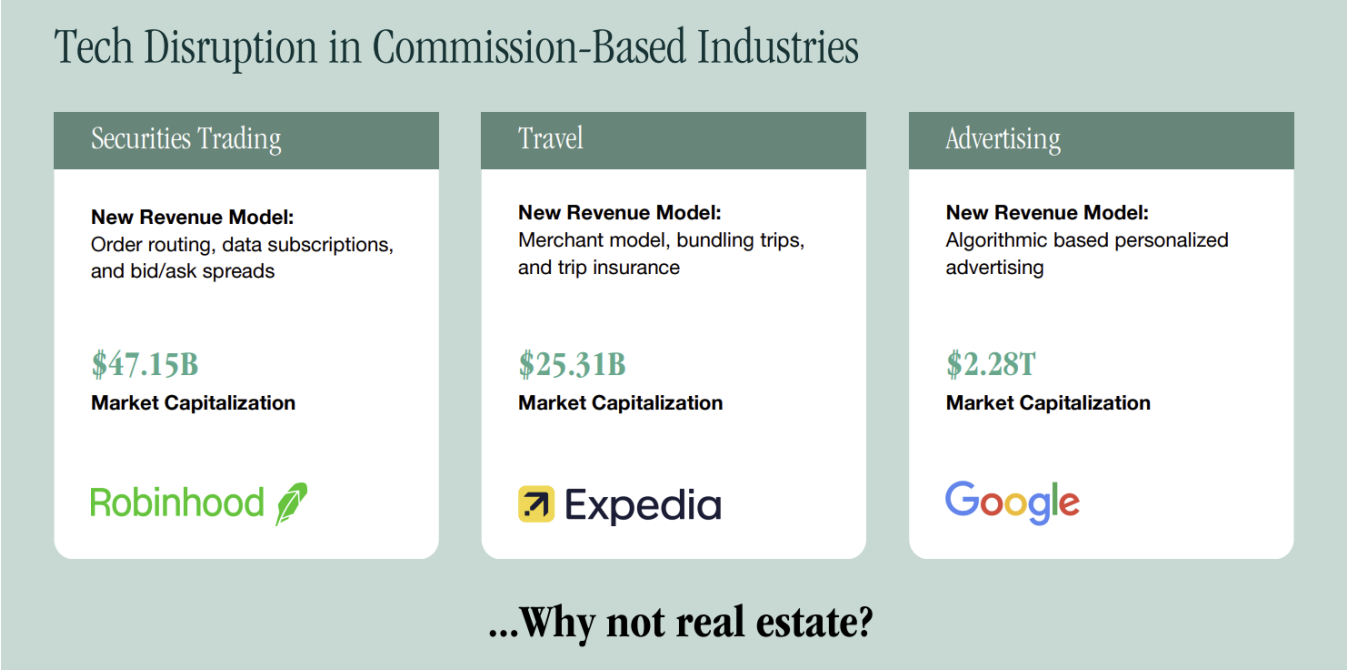
To promote the platform and brand, the company recently formed a strategic investment of $5 million from Mercurius Media Capital, a media fund that provides advertising inventory in exchange for equity in companies, in exchange for preferred shares. This transaction gives AIRE access to marketing exposure across multiple media and conserve cash.

The company recently appointed Cristol Rippe, who has more than 20 years of experience building and scaling emerging companies in the fintech and real estate sectors, as its CMO. With a new Chief Marketing Officer (CMO) to oversee its marketing, and communications activities, AIRE expects to

optimize the benefits of this media spend. One of the company's active promotional campaigns includes 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.

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.

With NAR settlement as positive backdrop, AIRE optimistic about zero commission model

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.

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.

We 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

- reAlpha named Mike Logozzo as CEO on June 3, 2025.
- 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.

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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