



eXp World Holdings, Inc.

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Bellingham, WA 98226, U.S.A.

2015 AGENT EQUITY PROGRAM (THE "PROGRAM"), A SHARE PURCHASE PROGRAM UNDER THE EXP WORLD HOLDINGS, INC. 2015 EQUITY INCENTIVE PLAN (THE "PLAN")

PROSPECTUS

Published in Connection with the Public Offering of a Maximum of 22,948,161 Shares of Common Stock, Par Value \$0.00001, of eXp World Holdings, Inc. to Independent Agents under the Program



The prospectus has been approved by the *Autorité des marchés financiers* (the "AMF") in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF approves the prospectus after having verified that the information in the prospectus is complete, consistent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval should not be considered as a favorable opinion on the issuer and on the quality of the financial securities that are the subject of the prospectus. Investors are invited to make their own evaluation concerning the opportunity of investing in the financial securities concerned.

The prospectus was approved on June 24, 2021 and is valid for twelve months from the date of approval and shall, during that period and under the conditions of Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the prospectus in the event of significant new facts or material errors or inaccuracies. The prospectus shall bear the following visa number 21-254.

This prospectus will be made available in printed form to independent agents of eXp World Holdings, Inc. and its subsidiaries based in countries in which offerings under the Program are considered public offerings, subject to the applicable legislation in each country. In addition, this prospectus along with summary translations (as applicable) will be posted on eXp World Holdings, Inc.'s website (www.expworldholdings.com), and free copies will be made available upon request by contacting the Investor Relations department of eXp World Holdings, Inc. at investors@expworldholdings.com. This prospectus and the French translation of its summary will also be available on the website of the AMF, www.amf-france.org.

NOTE TO THE PROSPECTUS

This prospectus, which contains material information concerning eXp World Holdings, Inc., was established pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). This prospectus is composed of the following parts in the following order:

- (1) a table of contents,
- (2) the summary provided for in Article 7 of the Prospectus Regulation (Part I constitutes the prospectus summary),
- (3) the risk factors provided for in Article 16 of the Prospectus Regulation, and
- (4) Annexes 1 and 11 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the “**Delegated Regulation 2019/980**”).

This prospectus also contains supplemental information concerning the Program and eXp World Holdings, Inc. (Part II - Section B) as well as the following document (Exhibits):

- 2015 Equity Incentive Plan;
- 2015 Non-U.S. Agent Equity Program Participation Election Form;
- Annual report on Form 10-K for the fiscal year ended December 31, 2020, filed by eXp World Holdings, Inc. with the U.S. Securities and Exchange Commission on March 11, 2021;
- Definitive Proxy Statement filed by eXp World Holdings, Inc. with the U.S. Securities and Exchange Commission on April 7, 2021, as amended by the Definitive Proxy Statement filed by eXp World Holdings, Inc. with the SEC on April 13, 2021;
- Quarterly report on Form 10-Q for the quarterly period ended March 31, 2021, filed by eXp World Holdings, Inc. with the U.S. Securities and Exchange Commission on May 6, 2021;
- Amended and Restated Certificate of Incorporation of eXp World Holdings, Inc., as amended; and
- Amended and Restated Bylaws of eXp World Holdings, Inc., as amended.

When used in this prospectus, the terms “we,” “us” or “our” mean eXp World Holdings, Inc. and its subsidiaries.

In this prospectus, “\$” refers to U.S. dollars.

Percentages in tables have been rounded and accordingly may not add up to 100%. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

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CROSS-REFERENCE LISTS

ANNEX 1 OF DELEGATED REGULATION 2019/980

REGISTRATION DOCUMENT FOR EQUITY SECURITIES

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Chapter/Exhibit	Page
1.	PERSONS RESPONSIBLE		
1.1.	All persons responsible for the information given in the prospectus.	Prospectus	32 (Company Representative for Prospectus)
		Exhibit III	Exhibits 31.1 and 32.1
1.2.	A declaration by those responsible for the prospectus.	Prospectus	32 (Company Representative for Prospectus)
1.3.	Detail of experts.	Not applicable	Not applicable
1.4.	Information sourced from a third party.	Not applicable	Not applicable
1.5.	Statement of approval of document by competent authority.	Prospectus	Cover Page
2.	STATUTORY AUDITORS		
2.1.	Names and addresses of the issuer's auditors.	Part II - Section B	74 (6.2 Independent Registered Public Accounting Firm)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	Part II - Section B	74 (6.2 Independent Registered Public Accounting Firm)
3.	RISK FACTORS		
3.1.	Description of material risks specific to the issuer.	Part II - Section A	40 - 58 (Risk Factors)
4.	INFORMATION ABOUT THE ISSUER		
4.1.	The legal and commercial name of the Issuer.	Part II - Section B	67 - 70 (5.1 Business Overview)

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4.2.	The place of registration of the Issuer and its registration number and legal entity identifier.	Part II - Section B	67 - 70 (5.1 Business Overview)
4.3.	The date of incorporation and the length of life of the issuer, except where indefinite.	Part II - Section B	67 - 70 (5.1 Business Overview)
4.4.	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, as well as the address, telephone number and website.	Part II - Section B	67 - 70 (5.1 Business Overview)
5.	BUSINESS OVERVIEW		
5.1.	Principal Activities		
5.1.1.	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities.	Part II - Section B	67 - 70 (5.1 Business Overview)
		Exhibit III	2 - 8 (Item 1. Business)
5.1.2.	An indication of any significant new products and/or services that have been introduced.	Part II - Section B	67 - 70 (5.1 Business Overview)
5.2.	Principal markets.	Part II - Section B	67 - 70 (5.1 Business Overview)
5.3.	Important events in the development of the issuer's business.	Exhibit III	25 - 26 (Recent Business Developments) 49 - 50 (Note 3. Acquisitions)
		Exhibit V	18 - 20 (Recent Business Developments)
5.4.	Strategy and Objectives.	Exhibit III	22 (Strategy) 28 - 29 (Outlook)
		Exhibit V	15 (Strategy)
5.5.	The extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes.	Not applicable	Not applicable

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5.6.	Issuer's competitive position.	Exhibit III	5 (Competition)
5.7.	Investments		
5.7.1.	A description (including the amount) of the issuer's material investments for each financial year for the period covered by the historical financial information up to the date of the prospectus.	Part II - Section B	72 - 74 (6.1 Selected Financial Data) 94 (XII. Material Contracts)
		Exhibit III	26 (Affiliated Services) 41 (Consolidated Statements of Cash Flows) 49 - 50 (Note 3. Acquisitions) 59 (Note 18. Subsequent Events)
5.7.2.	A description of the issuer's material investments that are in progress or for which a firm commitment has been made.	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
		Exhibit III	28 - 29 (Outlook) 41 (Consolidated Statements of Cash Flows)
		Exhibit V	7 (Condensed Consolidated Statements of Cash Flows)
5.7.3.	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital	Part II - Section B	94 (XII. Material Contracts)
		Exhibit III	26 (Affiliated Services) 43 (Variable interest entities and noncontrolling interests) 43 - 44 (Joint ventures)

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5.7.4.	Environmental issues that may affect the issuer's utilization of tangible fixed assets	Not applicable	Not applicable
6.	ORGANIZATIONAL STRUCTURE		
6.1.	Description of the group	Part II - Section B	70 - 72 (5.2 Organizational Structure) 91 - 93 (11.2 Major Stockholders, Directors' and Executive Officers' Holdings of Shares and Options)
		Exhibit III	26 (Affiliated Services) 43 (Variable interest entities and noncontrolling interests) 43 - 44 (Joint ventures) 49 - 50 (Note 3. Acquisitions)
6.2.	A list of the issuer's significant subsidiaries	Part II - Section B	70 - 72 (5.2 Organizational Structure)
7.	OPERATING AND FINANCIAL REVIEW		
7.1.	Financial condition		
7.1.1.	Financial condition	Part II - Section B	72 - 74 (6.1 Selected Financial Data) 74 - 76 (VII. Statement of Capitalization and Indebtedness as of March 31, 2021)
		Exhibit III	21 - 32 (Item 7. Management's Discussion and

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			Analysis of Financial Condition and Results of Operations up to Liquidity and Capital Resources)
7.1.2.	Details of (a) the issuer's likely future development and (b) activities in field of research and development	Exhibit III	22 (Strategy) 22 - 23 (Market Conditions and Industry Trends) 25 - 26 (Recent Business Developments)
		Exhibit V	15 (Strategy) 15 - 17 (Market Conditions and Industry Trends) 18 - 20 (Recent Business Developments)
7.2.	Operating Results		
7.2.1.	Significant factors materially affecting the issuer's income from operations	Part II - Section A	40 - 58 (Risk Factors)
		Exhibit III	8 - 19 (Item 1A. Risk Factors) 21 - 32 (Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations up to Liquidity and Capital Resources)
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			Operations up to Liquidity and Capital Resources)
7.2.2.	Material changes in net sales or revenues	Not applicable	Not applicable
8.	CAPITAL RESOURCES		
8.1.	Issuer's capital resources	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
		Exhibit III	27 - 29 (Liquidity and Capital Resources)
8.2.	Explanation of sources, amounts of and narrative description of the issuer's cash flows	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
		Exhibit III	27 - 29 (Liquidity and Capital Resources)
8.3.	Information on the borrowing requirements and funding structure of the issuer.	Part II - Section B	72 - 74 (6.1 Selected Financial Data) 74 - 76 (VII. Statement of Capitalization and Indebtedness as of March 31, 2021)
		Exhibit III	27 - 29 (Liquidity and Capital Resources) 52 (Note 9. Debt)
8.4.	Information regarding any restrictions on the use of capital resources.	Not applicable	Not applicable
8.5.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.7.2.	Exhibit III	27 - 29 (Liquidity and Capital Resources)
		Exhibit V	21 - 22 (Liquidity and Capital Resources)

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9.	REGULATORY ENVIRONMENT		
9.1	Description of the regulatory environment that the issuer operates in and that may materially affect its business.	Exhibit III	6 - 7 (Government Regulation)
10.	TREND INFORMATION		
10.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus.	Exhibit III	22 (Strategy) 23 - 24 (Key Business Metrics)
		Exhibit V	15 (Strategy) 17 (Key Business Metrics)
10.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year.	Part II - Section A	40 - 58 (Risk Factors)
		Exhibit III	22 - 23 (Market Conditions and Industry Trends) 25 - 26 (Recent Business Developments)
		Exhibit V	15 - 17 (Market Conditions and Industry Trends) 18 - 20 (Recent Business Developments)
11.	PROFIT FORECASTS OR ESTIMATES	Not applicable	Not applicable
12.	ADMINISTRATIVE, MANAGEMENT, SUPERVISORY BODIES AND SENIOR MANAGEMENT		
12.1.	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Part II - Section B	78 - 83 (10.1 Directors and Executive Officers)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital;	Not applicable	Not applicable

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	c) founders, if the issuer has been established for fewer than five years; and	Not applicable	Not applicable
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Part II - Section B	78 - 83 (10.1 Directors and Executive Officers)
	The nature of any family relationship between any of those persons.	Part II - Section B	78 - 83 (10.1 Directors and Executive Officers)
	<p>In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:</p> <p>(a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies.</p>	Part II - Section B	78 - 83 (10.1 Directors and Executive Officers)
	<p>(b) any convictions in relation to fraudulent offences for at least the previous five years;</p> <p>(c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years;</p> <p>(d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.</p> <p>If there is no such information to be disclosed, a statement to that effect is to be made.</p>	Part II - Section B	83 (10.2 Fraudulent Offences and Bankruptcy, Etc.)

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12.2.	<p>Administrative, management and supervisory bodies and senior management conflicts of interests</p> <p>Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 12.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.</p> <p>Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.</p> <p>Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the issuer's securities.</p>	Part II - Section B	<p>89 (10.5 Conflicts of Interest - sentence starting "To the Company's knowledge...")</p> <p>89 (10.5 Conflicts of Interest - Controlled Company)</p> <p>90 (10.5 Conflicts of Interest - Related Party Transactions)</p>
13.	REMUNERATION AND BENEFITS		
13.1.	The amount of remuneration paid to the members of the administrative, management, supervisory and senior management bodies or to the general managers of the issuer.	Part II - Section B	<p>83 - 86 (10.3 Executive Compensation)</p> <p>86 - 89 (10.4 Non-Employee Director Compensation)</p>
		Exhibit IV	<p>15 - 18 (Non-Employee Director Compensation)</p> <p>32 - 40 (Elements of Individual Executive Compensation)</p> <p>41 - 46 (2020 Named Executive Officer Compensation)</p>
13.2.	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits to the above persons.	Part II - Section B	<p>83 - 86 (10.3 Executive Compensation)</p> <p>86 - 89 (10.4 Non-Employee Director Compensation)</p>

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		Exhibit IV	15 - 18 (Non-Employee Director Compensation) 32 - 40 (Elements of Individual Executive Compensation) 41 - 46 (2020 Named Executive Officer Compensation)
14.	BOARD PRACTICES		
14.1.	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.	Part II - Section B	78 - 83 (10.1 Directors and Executive Officers)
14.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer of any of its subsidiaries providing for benefits upon termination of employment.	Part II - Section B	84 - 85 (10.3 Executive Compensation - Executive Employment Terms) 85 (10.3 Executive Compensation - Resignation; Retirement, Other Termination, or Change in Control Arrangements)
14.3.	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	Exhibit IV	13 (Board Meetings and Committee) 14 (The Audit Committee) 14 (The Compensation Committee) 14 (The Corporate Governance Committee)

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14.4.	A statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.	Part II - Section B	62 (4.2 Legislation Under Which the Securities Have Been Created) 89 (10.5 Conflicts of Interest - Controlled Company)
		Exhibit III	12 - 18 (Corporate Governance)
14.5.	Potential material impacts on the corporate governance.	Not applicable	Not applicable
15.	EMPLOYEES		
15.1.	Number of employees.	Part II - Section B	90 - 91 (11.1 Overview)
		Exhibit III	7 - 8 (Human Capital)
15.2.	Shareholdings and stock options with respect to each person referred to in points (a) and (d) of the first subparagraph of item 12.1.	Part II - Section B	91 - 93 (11.2 Major Stockholders, Directors' and Executive Officers' Holdings of Shares and Options)
15.3.	Description of any arrangements for involving the employees in the capital of the issuer.	Part II - Section B	93 - 94 (11.3 Stock Plans)
		Exhibit III	53 - 55 (Note 11. Stockholders' Equity)
16.	MAJOR STOCKHOLDERS		
16.1.	Name of any stockholders who are not members of administrative and/or management bodies.	Part II - Section B	91 - 93 (11.2 Major Stockholders, Directors' and Executive Officers' Holdings of Shares and Options)

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16.2.	Whether the issuer's major stockholders have different voting rights.	Part II - Section B	63 (4.5 Rights Attached to the Securities - Voting Rights - No Cumulative Voting)
16.3.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	Part II - Section A	55 - 56 (Risk Factor starting "We are a "controlled company" within the meaning of NASDAQ rules...")
		Part II - Section B	90 (10.5 Conflicts of Interest - Controlled Company) 91 - 93 (11.2 Major Stockholders, Directors' and Executive Officers' Holdings of Shares and Options)
16.4.	Arrangements known to the issuer that may result in a change in control of the issuer.	Not applicable	Not applicable
17.	RELATED PARTY TRANSACTIONS		
17.1.	Details of related party transactions that the issuer has entered into.	Part II - Section B	90 (10.5 Conflicts of Interest - Related Party Transactions)
18.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
18.1.	Historical Financial Information.		
18.1.1	Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
		Exhibit III	34 - 60 (Item 8. Financial Statements and

			Supplementary Data)
18.1.2	<p>Change of accounting reference date</p> <p>If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.</p>	Not applicable	Not applicable
18.1.3	<p>Accounting standards</p> <p>The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002.</p> <p>If Regulation (EC) No 1606/2002 is not applicable, the financial information must be prepared in accordance with:</p> <p>(a) a Member State's national accounting standards for issuers from the EEA, as required by Directive 2013/34/EU;</p> <p>(b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. If such third country's national accounting standards are not equivalent to Regulation (EC) No 1606/2002 the financial statements shall be restated in compliance with that Regulation.</p>	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
18.1.4	<p>Change of accounting framework</p> <p>The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p> <p>Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated solely for the purposes of the prospectus. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements (as defined by IAS 1 Presentation of Financial Statements as set out in Regulation (EC) No 1606/2002), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p>	Not applicable	Not applicable

18.1.5	<p>Where the audited financial information is prepared according to national accounting standards, it must include at least the following:</p> <p>(a) the balance sheet;</p> <p>(b) the income statement;</p> <p>(c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;</p> <p>(d) the cash flow statement;</p> <p>(e) the accounting policies and explanatory notes</p>	Exhibit III	34 - 60 (Item 8. Financial Statements and Supplementary Data)
18.1.6	<p>Consolidated financial statements</p> <p>If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	Not applicable	Not applicable
18.1.7	<p>Age of financial information</p> <p>The balance sheet date of the last year of audited financial information may not be older than one of the following:</p> <p>(a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document;</p> <p>(b) 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.</p>	Exhibit III	34 - 60 (Item 8. Financial Statements and Supplementary Data)
18.2.	Interim and other financial information.		
18.2.1	<p>If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half-yearly financial information has been audited or reviewed, the audit or review report must also be included. If the quarterly or half-yearly financial information is not audited or has not been reviewed, state that fact.</p> <p>If the registration document is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case</p>	Part II - Section B	72 - 74 (6.1 Selected Financial Data)

	<p>that fact must be stated) covering at least the first six months of the financial year.</p> <p>Interim financial information prepared in accordance with the requirements of Regulation (EC) No 1606/2002.</p> <p>For issuers not subject to Regulation (EC) No 1606/2002, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.</p>	Exhibit V	4 - 14 (Item 1. Financial Statement (Unaudited))
18.3.	AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION		
18.3.1.	Statement that the historical financial information has been audited.	Exhibit III	35 - 37 (Report of Independent Registered Public Accounting Firm)
	Report of Independent Registered Public.	Exhibit III	35 - 37 (Report of Independent Registered Public Accounting Firm)
18.3.2.	Indication of other information in the prospectus which has been audited by the auditors.	Not applicable	Not applicable
18.3.3.	Unaudited financial data in prospectus.	Part II - Section B	72 - 74 (6.1 Selected Financial Data)
		Exhibit V	4 - 14 (Item 1. Financial Statement (Unaudited))
18.4.	Pro forma financial information.	Not applicable	Not applicable
18.5.	Dividend policy		
18.5.1.	Description of dividend policy.	Part II - Section B	63 (4.5 Rights Attached to the Securities - Dividend Rights)
		Exhibit III	20 (Dividends)

18.5.2.	The amount of the dividend per share for each financial year for the period covered by the historical financial information.	Not applicable	Not applicable
18.6.	Legal and arbitration proceedings		
18.6.1.	Information on any governmental, legal or arbitration proceedings.	Part II - Section B	76 (7.3 Indirect and Contingent Indebtedness - Commitments and Contingencies)
		Exhibit III	58 (Note 14. Commitments and Contingencies)
18.7.	Significant change in issuer's financial position		
18.7.1.	Significant change in the issuer's financial position since the end of the last financial period, or provide an appropriate negative statement.	Part II - Section B	74 - 75 (7.1 Capitalization and Indebtedness)
19	ADDITIONAL INFORMATION		
19.1	Share Capital		
19.1.1.	Total authorized share capital.	Part II - Section B	61 - 62 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit III	38 (Consolidated Balance Sheets)
	The amount of issued capital.	Part II - Section B	61 - 62 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)

		Exhibit III	38 (Consolidated Balance Sheets)
	Par value per share.	Part II - Section B	61 - 62 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Exhibit III	Cover Page
	Reconciliation of number of shares outstanding at beginning and end of year.	Not applicable	Not applicable
19.1.2.	Shares not representing capital.	Not applicable	Not applicable
19.1.3.	Shares in the issuer held by the issuer or subsidiaries.	Exhibit III	20 (Purchases of Equity Securities by the Issuer and Affiliated Purchasers) 55 (Stock Repurchase Plan)
19.1.4.	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.	Not applicable	Not applicable
19.1.5.	Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital.	Not applicable	Not applicable
19.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option.	Not applicable	Not applicable
19.1.7.	A history of share capital for the period covered by the historical financial information.	Exhibit III	40 (Consolidated Statements of Equity)
19.2.	Memorandum and Articles of Association		
19.2.1.	Issuer's objects and purposes.	Exhibit VI	(Article II. Purpose)

CROSS-REFERENCE LISTS

19.2.2.	A description of the rights, preferences and restrictions attaching to each class of the existing shares.	Part II - Section B	62 - 65 (4.5 Rights Attached to the Securities)
19.2.3.	Provisions of the issuer's articles of association, statutes, charter or by-laws that would have an effect of delaying deferring or preventing a change in control of the issuer.	Part II - Section A	57 - 58 (Last Risk Factor starting "Delaware law and our organizational documents may impede or discourage a takeover (...)")
20.	MATERIAL CONTRACTS		
20.1.	Summary of material contract.	Part II - Section B	94 (XII. Material Contracts)
		Exhibit III	26 (Affiliated Services) 43 (Variable interest entities and noncontrolling interests) 43 - 44 (Joint ventures) 49 - 50 (Note 3. Acquisitions)
21.	DOCUMENTS ON DISPLAY		
21.1.	Statement confirming where documents can be inspected.	Part II - Section B	94 (XIII. Documents on Display)

ANNEX 11 OF DELEGATED REGULATION 2019/980

SECURITIES NOTE FOR EQUITY SECURITIES OR UNITS ISSUED BY COLLECTIVE INVESTMENT UNDERTAKINGS OF THE CLOSED-END TYPE

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Chapter/Exhibit	Page
1.	PERSONS RESPONSIBLE		
1.1.	All persons responsible for the information given in the prospectus.	Prospectus	32 (Company Representative for Prospectus)
		Exhibit III	Exhibits 31.1 and 32.1
1.2.	A declaration by those responsible for the prospectus.	Prospectus	32 (Company Representative for Prospectus)
1.3.	Attribution to experts.	Not applicable	Not applicable
1.4.	Third party sources.	Not applicable	Not applicable
1.5.	Statement of approval of document by competent authority.	Prospectus	Cover Page
2.	RISK FACTORS		
2.1.	Description of the material risks that are specific to the securities being admitted to trading.	Part II - Section A	55 - 58 (V. Risks Related to the Company's Stock)
3.	ESSENTIAL INFORMATION		
3.1.	Working capital Statement.	Part II - Section B	77 (VIII. Working Capital Statement)
3.2.	Capitalization and indebtedness.	Part II - Section B	74 - 76 (VII. Statement of Capitalization and Indebtedness as of March 31, 2021)
3.3.	Interest of natural and legal persons involved in the issue/offer	Part II - Section B	89 - 90 (10.5 Conflicts of Interest)

Item #	Item contents	Chapter/Exhibit	Page
			91 - 93 (11.2 Major Stockholders, Directors, and Executive Officers' Holdings of Shares and Options)
3.4.	Reasons for the offer and use of proceeds.	Part II - Section B	59 (1.1 Purpose of the Program) 77 (9.2 Net Proceeds)
4.	INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING		
4.1.	A description of the type and the class of the securities being offered and/or admitted to trading, including the international security identification number.	Part II - Section B	61 - 62 (4.1 Type and the Class of the Securities being Offered, Including the Security Identification Code)
4.2.	Legislation under which the securities have been created.	Part II - Section B	62 (4.2 Legislation Under Which the Securities Have Been Created)
4.3.	Form of securities, name and address of the entity in charge of keeping the records.	Part II - Section B	62 (4.3 Form of Securities, Name and address of the Entity in Charge of Keeping the Records)
4.4.	Currency of the securities issue.	Part II - Section B	62 (4.4 Currency of the Securities Issue)
4.5.	Rights attached to the securities.	Part II - Section B	62 - 65 (4.5 Rights Attached to the Securities)

CROSS-REFERENCE LISTS

Item #	Item contents	Chapter/Exhibit	Page
4.6.	In the case of new issues, statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued.	Part II - Section B	65 (4.6 Transferability)
		Exhibit I	58 - 61 (2.1 Number of Shares Available)
4.7.	In the case of new issues, the expected issue date of the securities.	Part II - Section B	59 (1.3 Purchase Period)
4.8.	Description of any restrictions on the free transferability of the securities.	Part II - Section B	61 (III. Delivery and Sale of the Shares) 65 (4.6 Transferability)
4.9.	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Part II - Section A	55 - 56 (Risk Factor starting "We are a "controlled company" within the meaning of NASDAQ rules...") 57 - 58 (Risk Factor starting ("Delaware law and our organizational documents may impede or discourage a takeover (...)")
		Part II - Section B	66 - 67 (4.7 General Provisions Applying to Business Combinations)
4.10.	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page
4.11.	Information on taxes on the income from the securities withheld at source.	Part II - Section B	95 - 99 (XIV. Tax Consequences)
4.12.	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU of the European Parliament and of the Council.	Not applicable	Not applicable
4.13.	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including the LEI where the offeror has legal personality.	Not applicable	Not applicable
5.	TERMS AND CONDITIONS OF THE OFFER		
5.1.	Conditions, offer statistics, expected timetable and action required to apply for the offer.		
5.1.1.	Conditions to which the offer is subject.	Part II - Section B	59 - 61 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
		Exhibit I	All sections
		Exhibit II	All sections
5.1.2.	Total amount of the issue/offer.	Part II - Section B	77 (9.2 Net Proceeds)
5.1.3.	Time period during which the offer will be open and description of the application process.	Part II - Section B	59 - 61 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
5.1.4.	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Part II - Section B	60 (1.6 Term of the Program) 60 (1.7 Amendment or Discontinuance of the Plan and the Program) 61 (2.4 Discontinuance of Participation of Participants)

Item #	Item contents	Chapter/Exhibit	Page
5.1.5.	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Part II - Section B	60 (2.3 Contributions)
5.1.6.	Minimum and/or maximum amount of application.	Part II - Section B	60 (2.3 Contributions)
5.1.7.	Period during which an application may be withdrawn.	Part II - Section B	61 (2.4 Discontinuance of Participation of Participants)
5.1.8.	Method and time limits for paying up the securities and for delivery of the securities.	Part II - Section B	60 (2.3 Contributions) 61 (III. Delivery and Sale of the Shares)
5.1.9.	A full description of the manner and date in which results of the offer are to be made public.	Part II - Section B	61 (III. Delivery and Sale of the Shares) 93 - 94 (11.3 Stock Plans - Agent Equity Program)
		Exhibit III	53 (11. Stockholders' Equity - Agent Equity Program)
		Exhibit V	12 (8. Stockholders' Equity - Agent Equity Program)
5.1.10.	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	Not applicable	Not applicable
5.2.	PLAN OF DISTRIBUTION AND ALLOTMENT		
5.2.1.	The various categories of potential investors to which the securities are offered.	Part II - Section B	60 (2.1 Eligible Independent Agents)
5.2.2.	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offer, or whether any person	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page
	intends to subscribe for more than five per cent of the offer.		
5.2.3.	Pre-allotment Disclosure	Not applicable	Not applicable
5.2.4.	Process for notifying applicants of the amount allotted and an indication whether dealing may begin before notification is made.	Part II - Section B	60 (2.3 Contributions)
5.3.	PRICING		
5.3.1.	An indication of the price at which the securities will be offered.	Part II - Section B	59 (1.4 Purchase Price)
5.3.2.	Process for the disclosure of the offer price.	Part II - Section B	59 (1.4 Purchase Price) 62 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.3.3.	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn.	Part II - Section B	65 (4.5 Rights Attached to the Securities - No Preemptive, Redemptive or Conversion Provisions)
5.3.4.	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year.	Not applicable	Not applicable
5.4.	PLACING AND UNDERWRITING		
5.4.1.	Name and address of the co-coordinator(s) of the global offer.	Not applicable	Not applicable
5.4.2.	Name and address of any paying agents and depository agents in each country.	Part II - Section B	62 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)

Item #	Item contents	Chapter/Exhibit	Page
5.4.3.	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis.	Not applicable	Not applicable
5.4.4.	When the underwriting agreement has been or will be reached.	Not applicable	Not applicable
6.	ADMISSION TO TRADING AND DEALING ARRANGEMENTS		
6.1.	Whether the securities offered are or will be the object of an application for admission to trading.	Part II - Section B	59 (1.2 Shares Offered Under the Program) 61 - 62 (4.1 Type and Class of the Securities Being Offered, Including the Security Identification Code)
6.2.	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Part II - Section B	61 - 62 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
6.3.	Simultaneous private placement.	Not applicable	Not applicable
6.4.	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity.	Not applicable	Not applicable
6.5.	Stabilization.	Not applicable	Not applicable
6.5.1.	The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.	Not applicable	Not applicable
6.5.1.1.	The fact that stabilization transactions aim at supporting the market price of the securities during the stabilization period.	Not applicable	Not applicable
6.5.2.	The beginning and the end of the period during which stabilization may occur.	Not applicable	Not applicable

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6.5.3.	Identity of the stabilization manager.	Not applicable	Not applicable
6.5.4.	The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.	Not applicable	Not applicable
6.5.5.	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).	Not applicable	Not applicable
6.6.	Over-allotment and 'green shoe'.	Not applicable	Not applicable
7.	SELLING SECURITIES HOLDERS		
7.1.	Name and business address of the person or entity offering to sell the securities.	Not applicable	Not applicable
7.2.	The number and class of securities being offered by each of the selling security holders.	Not applicable	Not applicable
7.3.	Where a major shareholder is selling the securities, the size of its shareholding both before and immediately after the issuance.	Not applicable	Not applicable
7.4.	Lock-up agreements.	Not applicable	Not applicable
8.	EXPENSE OF THE ISSUE/OFFER		
8.1.	The total net proceeds and an estimate of the total expenses of the issue/offer.	Part II - Section B	77 (9.2 Net Proceeds)
9.	DILUTION		
9.1.	A comparison of: (a) participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; (b) the net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and/or capital increase) and the offering price per share within that public offer.	Part II - Section B	77 (9.1 Maximum Dilution)
9.2.	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page
	entitlement (in addition to the situation in item 9.1 where they do not).		
10.	ADDITIONAL INFORMATION		
10.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	Not applicable	Not applicable
10.2.	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors.	Not applicable	Not applicable

COMPANY REPRESENTATIVE FOR PROSPECTUS

- 1.1 Jeff Whiteside, Chief Financial Officer, acting for and on behalf of eXp World Holdings, Inc.
- 1.2 I hereby declare that the information contained in this prospectus is, to the best of my knowledge, in accordance with the facts and that it makes no omission likely to affect its import.

/s/ Jeff Whiteside

Jeff Whiteside
Chief Financial Officer
of eXp World Holdings, Inc.

Bellingham, WA, U.S.A., June 23, 2021

PART I — PROSPECTUS SUMMARY

VISA NUMBER 21-254 DATED JUNE 24, 2021 OF THE AMF

SECTION A — INTRODUCTION AND WARNINGS

Name and ISIN of the securities	eXp World Holdings, Inc.'s shares of common stock, par value \$0.00001 (the " Shares ") are quoted on the NASDAQ Global Market (" NASDAQ ") operated by NASDAQ, Inc. under the trading symbol "EXPI." The international securities identification number (" ISIN ") of the Shares is US30212W1009 and the U.S. security identification number (the CUSIP number) for the Shares is 30212W100. The Shares were initially traded on the over-the-counter market for U.S. stocks (OTCQB) and have been traded on NASDAQ since May 21, 2018 as a result of NASDAQ's approval to uplist the Shares on May 17, 2018. There was no capital raising. The initial quote price of the Shares on NASDAQ was \$9.65.
Identity and contact details of the issuer, including its LEI	eXp World Holdings, Inc. (" eXp " or the " Company "). The Company's legal entity identifier (" LEI ") is 549300TWVVC283VEC32. The Company's principal offices are located at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, United States of America (" U.S.A. ") Telephone number: +1 (360) 685-4206; website: https://expworldholdings.com .
Identity and contact details of the offeror	Not applicable.
Identity and contact details of the competent authority approving the prospectus	Autorité des marchés financiers 17, place de la Bourse, 75082 Paris Cedex 02, France https://www.amf-france.org/
Date of approval of the prospectus	June 24, 2021
Warning to the reader	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where applicable, the investor could lose all or part of the invested capital and, where the investor's liability is not limited to the amount of the investment, the investor could lose more than the invested capital and the extent of such potential loss is uncertain. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

SECTION B — KEY INFORMATION ON THE ISSUER

WHO IS THE ISSUER OF THE SECURITIES?

Domicile and legal form, LEI, the legislation under which it operates and its country of incorporation	The Company's principal offices are located at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A. The Company is a corporation incorporated under the laws of the State of Delaware, U.S.A. The Company was incorporated on July 30, 2008.
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Principal activities

The Company owns and operates a cloud-based real estate brokerage and a technology platform business that enables a variety of businesses to operate remotely. The Company currently operates businesses in the following categories and made the following changes in the most recent fiscal year:

Real Estate Brokerage - The Company launched eXp Realty in October 2009 with a small number of real estate agents in two states and ended the first quarter of 2021 with a team of 50,333 agents, operating with brokerages in all 50 states in the U.S.A., and in the United Kingdom (U.K.), Australia, most of the Canadian provinces, South Africa, Portugal, France, Germany, Spain, India, Mexico, Puerto Rico, Brazil, Italy, and Hong Kong. Except for certain employees who hold active real estate licenses, virtually all of the Company's real estate professionals are independent contractors. In November 2020, we launched eXp Commercial, LLC and its subsidiaries within the commercial real estate brokerage space in the U.S. The Company's commercial real estate brokerage operations are currently in a nascent state.

Technology Products and Services - In November 2018, the Company completed its asset acquisition of Virbela, LLC's ("**Virbela**") core group of products and services. The Company also launched eXp World Technologies, LLC, its innovation and technology division, which now holds the Virbela brand. Virbela continues to offer a modern, cloud-based environment focused on education and team development with clients in various industries from government to retail. The unique virtual collaborative work environment from Virbela provides service-based businesses with distinct advantages in managing costs, attracting talent, and scaling operations without the burden of "brick and mortar" office locations. This technology provides eXp Realty with a primary source of differentiation and competitive advantage. On July 31, 2020, the Company acquired the equity ownership interests in Showcase Web Sites, L.L.C. ("**Showcase**") for cash consideration and promissory notes. Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by its independent agents and brokers, as well as continued

services offerings to third party clients of Showcase. In addition to servicing their current customer bases, the Company's technology products and services businesses are integral to the support, growth, and development of its real estate brokerage operations.

Title, Escrow, and Settlement Services – During the year ended December 31, 2019, the Company entered into an agreement with a third-party investment firm to form a joint venture to offer title, escrow and settlement services in the United States. The joint venture, Silverline Title & Escrow, LLC is 50% owned by eXp Silverline Ventures, LLC, an indirect subsidiary of eXp and 50% owned by the third-party business partner. Operations in this area are currently in a nascent state.

Mortgage Brokerage Services - During the year ended December 31, 2019, the Company made capital contributions in consideration for at least a minimum 50% ownership interest in First Cloud Investment Group, LLC ("**First Cloud**") with the remaining ownership interest held by certain of our independent agents and brokers. First Cloud was organized for the purpose of managing IntroLend First Cloud, LLC ("**IntroLend First Cloud**"), an indirect wholly-owned subsidiary of the Company created to provide mortgage origination to end-consumers. The Company will always retain at least 50% of the outstanding equity ownership units in First Cloud. Operations in this area are currently in a nascent state.

Multimedia Personal Development Products and Services – On December 4, 2020, the Company acquired the equity ownership interests in Success Enterprises LLC ("**Success**") and its related media properties, including *SUCCESS*® print magazine, SUCCESS.com, SUCCESS® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms for cash consideration. With the addition of Success, the Company intends to blend its technology and content to enhance the personal development platform for entrepreneurs and sales professionals.

Major stockholders

The following table shows, as of April 30, 2021, stockholders known to the Company who beneficially own more than 5% of the outstanding Shares. To the best knowledge of the Company, there has been no material change to the beneficial ownership of the stockholders described below since April 30, 2021. Beneficial ownership represents sole and shared voting power and investment power. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A.

Name and Address	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percentage of Class
Group of stockholders ⁽²⁾	81,446,154	56.12%
• Glenn Sanford	• 44,448,694	• 30.63%
• Penny Sanford	• 29,411,640	• 20.26%
• Eugene Frederick	• 4,748,298	• 3.27%
• Jason Gesing	• 2,837,522	• 1.96%
The Vanguard Group	8,189,964 ⁽³⁾	5.67%

(1) On January 15, 2021, the Board of Directors (the "**Board**") approved a two-for-one stock split in the form of a stock dividend to stockholders of record as of January 29, 2021 (the "**Stock Split**"). The Stock Split was effected on February 12, 2021. Share total has been adjusted to reflect the Stock Split.

(2) In March 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick filed a Schedule 13D/A with the U.S. Securities and Exchange Commission (the "**SEC**") indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote. Accordingly, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick collectively own a number of Shares sufficient to elect all of the members of the Board without the approval of any other stockholders.

(3) As of December 31, 2020, based on information set forth in a Schedule 13G filed with the SEC on February 10, 2021 by The Vanguard Group. The Vanguard Group's business address is 100 Vanguard Blvd., Malvern, PA 19355, U.S.A.

The Company is a "controlled company" within the meaning of NASDAQ rules. Per the above, Glenn Sanford, together with Penny Sanford, Jason Gesing and Gene Frederick own approximately 56.12% of the outstanding Shares (as of April 30, 2021), and they agreed to vote their Shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote.

Key managing directors	The key managing directors of the issuer are its executive officers. These are: Glenn Sanford, Jeff Whiteside, Jason Gesing, Stacey Onnen, David Conord, James Bramble, John Tobison, Michael Valdes and Courtney Chakarun.
Statutory auditors	Deloitte & Touche LLP, San Francisco, California

WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

Financial information concerning the Company for the fiscal years ended December 31, 2020, 2019 and 2018, and for the quarterly periods ended March 31, 2021 and 2020

The consolidated statements of comprehensive income (loss) and the consolidated balance sheets data of the Company for the fiscal years ended December 31, 2020, 2019 and 2018, set out in this prospectus have been derived from the Company's audited consolidated financial statements prepared in accordance with the accounting principles generally accepted in the United States ("**U.S. GAAP**"). The condensed consolidated statements of comprehensive income (loss) for the quarterly periods ended March 31, 2021 and 2020 and the condensed consolidated balance sheets data of the Company as of March 31, 2021 and December 31, 2020, set out in this prospectus have been derived from the Company's unaudited consolidated financial statements prepared in accordance with U.S. GAAP.

SELECTED THREE-YEAR FINANCIAL DATA (In thousands, except share amounts) (audited)

	Year Ended December 31,		
	2020	2019	2018
Consolidated Statements of Comprehensive Income (loss):			
Revenues	\$ 1,798,285	\$ 979,937	\$ 500,148
Total operating expenses	1,766,698	988,716	522,532
Operating income (loss)	31,587	(8,779)	(22,384)
Total other expense (income), net	184	281	(32)
Income tax expense	413	497	78
Net income (loss)	30,990	(9,557)	(22,430)

PART I — PROSPECTUS SUMMARY

Net loss attributable to noncontrolling interest	141	29	-
Net income (loss) attributable to eXp World Holdings, Inc.	31,131	(9,528)	(22,430)
Earnings (loss) per share (a)			
Basic	0.22	(0.08)	(0.19)
Diluted	0.21	(0.08)	(0.19)
Weighted average shares outstanding (a)			
Basic	138,572,358	126,256,407	115,379,840
Diluted	151,550,075	126,256,407	115,379,840

	As of December 31,		
Consolidated Balance Sheets Data:	2020	2019	2018
Cash and cash equivalents	100,143	40,087	20,538
Total assets	242,187	96,452	55,846
Total liabilities	99,600	44,324	25,866
Equity	142,587	52,128	29,980

	Year Ended December 31,		
Consolidated Statements of Cash Flows:	2020	2019	2018
Net cash provided by operating activities	119,659	55,186	24,311
Net cash (used in) investing activities	(16,963)	(6,690)	(8,859)
Net cash provided by (used in) financing activities	(21,893)	(24,569)	2,015
Cash, cash equivalents and restricted cash, end of year	\$ 127,924	\$ 47,074	\$ 23,041

(a) All applicable period amounts have been adjusted to reflect the Stock Split.

SELECTED QUARTERLY FINANCIAL DATA (In thousands, except share amounts) (unaudited)

	Three months ended March 31,	
	2021	2020
Condensed Consolidated Statements of Comprehensive Income (loss):		
Revenues	\$ 583,833	\$ 271,421
Total operating expenses	578,904	271,210
Operating income	4,929	211
Net income	4,846	141
Earnings per share		
Basic	\$ 0.03	\$ 0.00
Diluted	\$ 0.03	\$ 0.00
Weighted average shares outstanding (a)		
Basic	144,354,991	133,241,235
Diluted	158,722,126	144,647,818

	As of	
	March 31, 2021	December 31, 2020
Condensed Consolidated Balance Sheets Data:		
Cash and cash equivalents	\$ 104,392	\$ 100,143
Total assets	297,602	242,187
Total liabilities	153,989	99,600
Equity	143,613	142,587

	Three months ended March 31,	
	2021	2020
Condensed Consolidated Statements of Cash Flows:		
Net cash provided by operating activities	\$ 78,919	\$ 17,489
Net cash (used in) investing activities	(3,757)	(1,355)
Net cash (used in) financing activities	(32,636)	(8,390)
Cash, cash equivalents and restricted cash, ending balance	170,497	54,108

Pro forma financial information Not applicable. This prospectus does not contain pro forma financial information.

Qualifications in the audit report on the historical financial information

The independent registered public accounting firm's reports expressed an unqualified opinion on the financial statements of the Company as of and for the years ended December 31, 2020 and 2019. The independent registered public accounting firm also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the internal control over financial reporting of the Company as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) (the "Framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In their opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the Framework issued by COSO. The independent registered public accounting firm also audited, in accordance with the standards of the PCAOB, the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in the Framework issued by COSO and their report expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses. A material

weakness is a significant deficiency, or combination of significant deficiencies, that results in there being a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The following material weaknesses were identified and included in Management's Report on Internal Control Over Financial Reporting: (A) General Information Technology Controls ("GITCs"): The Company did not have effective controls designed to assess logical access and program change-management over information technology ("IT") systems. As a result of these deficiencies, the related process-level manual and automated application controls that rely on information from the affected IT systems were also ineffective. (B) Information and Communication, Control Activities and Monitoring: The Company also identified that it did not fully implement key components of the COSO framework, including information and communication, control and monitoring activities relating to: (i) providing oversight over the system of internal control, (ii) overseeing the nature and scope of monitoring activities and management's evaluation and remediation of deficiencies, (iii) using appropriate processes and technology to assign responsibility and segregate duties as necessary, (iv) maintaining quality through processing and (v) attracting, developing, and retaining sufficient and competent personnel to support the achievement of internal control objectives. There were changes in the Company's internal control over financial reporting in the fourth quarter of 2020. In response to the deficiencies previously identified, management implemented measures designed to ensure that control deficiencies contributing to the material weaknesses were remediated, such that these controls are designed, implemented, and operating effectively. As a result of these efforts, the Company determined that the material weaknesses were remediated, and the Company's internal control over financial reporting was effective as of December 31, 2020.

The independent registered public accounting firm's report expressed an unqualified opinion on the financial statements of the Company as of and for the year ended December 31, 2018. The independent registered public accounting firm also audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in the Framework issued by COSO. In their opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria. The following material weaknesses were identified and described in management's assessment: failure to design and maintain controls over the control environment, monitoring controls, and certain control activities which resulted in several errors mainly to revenue, accounts receivable, and commission expense and could have resulted in errors in other financial statement line items.

WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

Set forth below are summaries of the key risks, uncertainties and other factors that may affect eXp's future results. The risks and uncertainties described below are not the only ones facing eXp. Within each of the risk categories below, the key risk are set out in order of priority according to the risk that the Company considers, at the date of this prospectus, to be the most significant.

Risks Related to the Company's Industry

- The Company's profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond its control.

Risks Related to the Company's Business and Operations

- The Company may be unable to maintain its agent growth rate, which would adversely affect its revenue growth and results of operations.
- The Company's value proposition for agents and brokers includes allowing them to participate in the revenues of the Company and is not typical in the real estate industry. If agents and brokers do not understand the Company's value proposition, the Company may not be able to attract, retain, and incentivize agents.
- The Company has experienced net losses in recent years, and, because the Company has a limited operating history, its ability to fully and successfully develop its business is unknown.
- The Company's international operations are subject to risks not generally experienced by its U.S. operations.
- Loss of its current executive officers or other key management could significantly harm the Company's business.

Risks Related to the Company's Technology

- If the Company does not remain an innovative leader in the real estate industry, the Company may not be able to grow its business and leverage its costs to achieve profitability.
- Cybersecurity incidents could disrupt the Company's business operations, result in the loss of critical and confidential information, adversely impact its reputation and harm its business.
- The Company's business could be adversely affected if the Company is unable to expand, maintain and improve the systems and technologies which it relies on to operate.

Risks Related to Legal and Regulatory Matters

- The Company offers its independent agents the opportunity to earn additional commissions through its revenue sharing plan, which pays under a multi-tiered compensation structure similar in some respects to network marketing. Network marketing is subject to intense government scrutiny, and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect its business.
- The Company faces significant risk to its brand and revenue if the Company fails to maintain compliance with the law and regulations of federal, state, county and foreign governmental authorities, or private associations and governing boards.
- If the Company fails to protect the privacy and personal information of its customers, agents or employees, the Company may be subject to legal claims, government action and damage to its reputation.

SECTION C — KEY INFORMATION ON THE SECURITIES

WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

Type and class of the securities being offered, including the ISIN

eXp World Holdings, Inc.'s shares of common stock, par value \$0.00001, are quoted on NASDAQ under the trading symbol "EXPL." The ISIN of the Shares is US30212W1009 and the U.S. security identification number (the CUSIP number) for the Shares is 30212W100.

Currency of the securities issue and number of securities issued and the term of the securities	The United States Dollar is the currency of the securities issue. As of May 17, 2021, the Company was authorized to issue 900,000,000 Shares. As of April 23, 2021, there were 144,777,364 Shares outstanding. There have been no material changes in the number of Shares issued and outstanding since that date. The term of the Shares is unlimited.
Rights attached to the securities	Eligible independent agents who enroll and participate in the Program are referred to as “ Participants .” No Participant will have any voting, dividend, or other stockholder rights with respect to any offering under the Program until the Shares have been purchased and delivered to Participant. Following such purchase and delivery, Participant will be entitled to the rights attached to the Shares, as further described below: Dividend Rights. Holders of Shares are entitled to receive such dividends and other distributions (payable in cash, property, or capital stock of the Company) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Company legally available therefor, and share equally on a per Share basis in such dividends and distributions. Voting Rights. Holders of Shares are entitled to one vote per Share on each matter submitted to a vote of stockholders, including the election of directors. The Shares do not have cumulative voting rights. No Preemptive, Redemptive or Conversion Provisions. The Shares are not entitled to preemptive rights and are not subject to conversion or redemption.
Relative seniority of the securities in the issuer’s capital structure in the event of insolvency	In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Company, after payment or provision for payment of the debts and other liabilities of the Company, holders of Shares will be entitled to receive all the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of Shares held by them.
Transferability restrictions	The Shares offered under the Program are registered on Form S-8 with the SEC and are generally freely transferable (subject however to any transferability restrictions resulting from applicable insider trading laws and the Company’s insider trading policy).
Dividend policy	The Company has not paid cash dividends on its Shares in previous periods, including during the year ended December 31, 2020. Payment of cash dividends is at the discretion of the Board in accordance with applicable law after taking into account various factors, including the Company’s financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, the Company can only pay dividends either out of surplus or out of the current or the immediately preceding year’s earnings. Therefore, no assurance is given that the Company will pay any dividends to its common stockholders, or as to the amount of any such dividends. The Company does not intend to pay any cash dividends on its Shares in the near future.

WHERE WILL THE SECURITIES BE TRADED?

Admission to trading on a regulated market	The Shares are listed on NASDAQ under the trading symbol “EXPI.” The Shares are not traded, and have not been subject to a request for listing, on a regulated market or a multilateral trading facility located in the European Economic Area (“EEA”).
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IS THERE A GUARANTEE ATTACHED TO THE SECURITIES?

Brief description of the nature and scope of the guarantee	Not applicable.
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WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

- Glenn Sanford, the Company’s Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, Jason Gesing, a director and the Chief Executive Officer of eXp Realty, and Gene Frederick, a director, own a significant percentage of the Company’s stock and have agreed to act as a group on any matter submitted to a vote of the Company’s stockholders. As a result, the trading price for the Shares may be depressed, and they can take actions that may be adverse to the interests of the Company’s other stockholders.
- The Company is a “controlled company” within the meaning of NASDAQ rules, and, as a result, the Company qualifies for, and intends to rely on, exemptions from certain corporate governance requirements. As a result, the Company will not have a majority of independent directors, its compensation and its nominating and corporate governance committees will not consist entirely of independent directors, and such committees may not be subject to annual performance evaluations. As further detailed above in Section B under “Major stockholders”, Glenn Sanford, together with Penny Sanford, Jason Gesing and Gene Frederick, own approximately 56.12% of the outstanding Shares (as of April 30, 2021).
- Because the Company can issue additional Shares, its stockholders may experience dilution in the future.

SECTION D — KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET
UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?**Description of the terms and conditions of the offer**

The Company is offering eligible independent agents of the Company the right to purchase Shares at a discount under the Program, which is a share purchase program under the Plan. The grants to eligible independent agents will be administered under and subject to the Plan.

The offering of the Program may be considered a public offering of securities pursuant to the Prospectus Regulation in the following EEA countries: France, Germany, Italy, Portugal and Spain. The Program is not offered in other EEA countries.

This prospectus will be made available in printed form to independent agents of the Company and/or its subsidiaries based in the above-named countries where the offering of the Program may be considered a public offering of securities. In addition, this prospectus along with summary translations (as applicable) will be posted on eXp World Holdings, Inc.'s website (www.expworldholdings.com), and free copies will be made available upon request by contacting the Investor Relations department of eXp World Holdings, Inc. at investors@expworldholdings.com. This prospectus and the French translation of its summary will also be available on the website of the AMF, www.amf-france.org.

Administration: The Program is offered on a wholly discretionary basis. The Program is administered by the Board or a committee of the Board, officers of the Company or other persons, as may be designated by the Board (the “**Administrator**”). The Administrator has the authority to designate grantees, determine the number of Shares to be subject to awards, establish the terms and conditions of awards, prescribe the form of each award agreement, construe and interpret the terms of the Plan (including the Program) and any award agreement, to determine the meaning of their terms and to prescribe, amend and rescind rules and procedures related to the Plan (including the Program) and its administration.

Eligibility: All agents and brokers that have entered into an independent contractor agreement with the Company or one of its subsidiaries and who are in good standing with the Company or its applicable subsidiaries are eligible to participate in the Program.

Time Frame of the Offer and Enrollment: The Company will start offering the Program on or after the date this prospectus will be approved by the AMF, i.e., June 24, 2021. The prospectus will expire after twelve months from the date of the AMF approval and the Company will seek a subsequent approval to continue the offering of the Program.

The Program is offered on a monthly basis (“**Monthly Offering**”) starting on the first business day of each month.

In order to participate in the Program, an eligible independent agent must enroll in the Program by completing and submitting the 2015 Non-U.S. Agent Equity Program Participation Election Form (the “**Election Form**”) no later than ten days prior to the next Purchase Date (as defined below).

The Participant will be automatically re-enrolled in each succeeding Monthly Offering, provided that the Participant remains eligible to participate to the Program.

If a Participant timely withdraws from the Program, or has terminated his or her services with the Company, the Participant will not be automatically re-enrolled in the succeeding Monthly Offering.

Amount of Contributions: By enrolling in the Program, Participant agrees that five percent (5%) of his or her net commission payment (after splits, fees, and any other required withholdings) (the “**Contributions**”) on real estate transactions that close in Participant's name, commencing with transactions closing on or after Participant's join date, will be used to purchase Shares at the Purchase Price, as defined below. The Company does not presently cap the dollar amount of such Contributions. The Contributions are calculated on a monthly basis and deducted from Participant's net commission payment that the local subsidiary for which Participant is providing services would otherwise pay for real estate transactions that have closed that month. Participant cannot change the percentage of his or her Contributions other than to withdraw from the Program. The Company does not pay interest on the Contributions, unless required by local law.

Details of the Price: The “**Purchase Price**” for Shares issued under the Program will be equal to ninety percent (90%) of the fair market value of the Shares on the last trading day of the month. The fair market value of a Share will be the closing price of the Shares (or the closing bid, if no sales were reported) as quoted on NASDAQ on the applicable date.

Nature of the Offer: Participation in the Program is completely voluntary.

On the last trading day of each month (each a “**Purchase Date**”), Participants' accumulated Contributions will be used to purchase Shares. The number of Shares purchased will be determined by dividing Participant's accumulated Contributions by the Purchase Price. No fractional Shares will be issued upon purchase; however, the Participant's account will be credited with a fractional share economic interest.

Shares under the Program will be issued on the last trading day of the month during which the closing on the sales of any properties from which a Contribution has been authorized results in an accumulated Contribution of not less the purchase price of one whole Share.

Any cash remaining to buy less than a whole Share will be automatically rolled over into the next Monthly Offering.

As soon as administratively practicable after each Purchase Date, the Purchase Price and Purchase Date information is available to Participant from the Broker (defined below) in the account established in Participant's name at the Broker. The Company does not provide additional or ancillary communications to Participant as such communications are managed by the Broker.

Delivery of the Shares: Following the end of each monthly purchase, the number of Shares purchased by each Participant will be deposited into an account established in Participant's name at the Broker (defined below). As soon as administratively practicable after each Purchase Date, Participant's individual account at the Broker will be credited with the Shares that were purchased on Participant's behalf. The Shares will remain in Participant's individual account until Participant gives further instructions to the Broker to transfer or sell the Shares, and will remain in such Participant's account following termination from participation in the Program or from the Company. Each quarter a summary statement is available from the Broker that details the activity in Participant's account, including any purchases and sales, the total number of Shares held at the end of the quarter and the total value of Participant's account. The fourth quarter statement will include a summary of any transactions that occurred during the year.

Number and Nature of the Securities Offered: As of March 31, 2021, 22,948,161 Shares were available for future issuance under the Program (out of the 83,916,436 Shares available for the duration of the Plan). Shares offered under the Program can only be authorized but unissued Shares under the Program that are registered with applicable securities authorities.

Commission: Participants will not have to pay a fee for opening an account with the Broker (defined below) nor for the management of their account or the purchase of Shares. Participants are responsible for all the commissions and fees related to any sale or transfer of the Shares from the account at the Broker. In addition, the SEC applies a fee to most securities transactions at a rate determined by the SEC. Such commission and fees are subject to change at any time.

Termination of Participation in the Plan: A Participant may withdraw from the Program at any time by completing a new Election Form indicating his or her intention to withdraw from the Program.

Termination of Service: A Participant's participation in the Program will be terminated immediately if a Participant is no longer in good standing with the Company or any of its subsidiaries, as determined by the Administrator in its sole discretion. In such case, any amounts owed to Participant will be refunded to Participant as soon as practicable and will not be used to purchase additional Shares.

Non-transferability of Purchase Rights: Purchase rights granted to Participants may not be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and are exercisable during the Participant's lifetime only by the Participant.

Termination, Suspension, or Amendment of the Plan and the Program: The Board may alter, amend, suspend or terminate the Plan (including the Program) as to any awards that have not been made. No amendment, suspension, or termination of the Plan will, without Participant's consent, deprive participant of any award granted to Participant or any rights thereunder. Stockholder approval of amendments will be required only to comply with applicable laws or regulatory requirements.

PART I — PROSPECTUS SUMMARY

Details of admission to trading on a regulated market	Not applicable.		
Plan for distribution	All Shares issued under the Program will initially be placed and held in an account created in the Participant's name with Shareworks by Morgan Stanley (the "Broker").		
Maximum dilution	Hypothetically, assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares remaining available for issuance pursuant to the Program (i.e., 22,948,161), the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of April 23, 2021, i.e., 1,447,774 Shares, and who is not an eligible independent agent participating in the offer, would be diluted as indicated in the following table:		
		Percentage of the total outstanding Shares	Total number of outstanding Shares
	Before the issuance of Shares under the Program (as of April 23, 2021)	1.00%	144,777,364
	After issuance of 22,948,161 Shares under the Program	0.863%	167,725,525
Estimated expenses charged to the investor	Not applicable. No expenses will be charged to any Participants by the Company.		
WHY IS THIS PROSPECTUS BEING PRODUCED?			
Reasons for the offer	The purpose of the Program is to attract, retain and motivate independent agents whose present and potential contributions are important to the success of the Company and its affiliates.		
Use and estimated net amount of the proceeds	<p>Hypothetically, assuming that all 22,948,161 Shares remaining available for issuance under the Program pursuant to this prospectus would be purchased by the independent agents participating in the Program, and taking into account a Share price of \$25.326 (90% of a hypothetical Share price of \$28.14 which was the closing price of the Shares on May 19, 2021), then the gross proceeds of the Company in connection with the offer under the Program pursuant to this prospectus would be \$581,185,125. After deducting approximately \$230,000 in legal and accounting expenses in connection with the offer, the net proceeds would be \$580,955,125.</p> <p>However, in reality, the Company does not expect to issue all the Shares it is authorized to issue under the Program. The net proceeds from the issuance of Shares over the life of the Program will depend on the level of independent agents participation.</p> <p>The net proceeds will be used for general corporate purposes.</p>		
Underwriting agreement on a firm commitment basis	Not applicable.		
Description of material interest to the offer including conflict of interests	Not applicable.		

THE FOLLOWING INFORMATION IS NOT PART OF THE PROSPECTUS SUMMARY

PART II — PROSPECTUS

SECTION A — RISK FACTORS

In addition to the other information set forth in this prospectus, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing the Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

In accordance with the provisions of Article 16 of the Prospectus Regulation, the present section describes the main risks which could, as of the date hereof, have an impact on the Company's activity, financial situation, reputation, results or perspectives, as notably identified when mapping the Company's major risks, which assesses their criticality, i.e. their severity and probability of occurrence, after taking into account the action plans implemented. Within each of the risk categories below, the risk factors are set out in order of priority according to the risk that the Company considers, at the date of this prospectus, to be the most significant (marked with an asterisk).

The table below summarizes the main risk factors identified by the Company, organized into five categories: (i) risks related to the Company's industry; (ii) risks related to the Company's business and operations; (iii) risks related to the Company's technology; (iv) risks related to legal and regulatory matters; and (v) risks related to the Company's stock. The right column indicates specific risk factors that are deemed by the Company to be more significant based on the potential adverse impacts on the Company and the probability of occurrence.

Categories of Risk Factors	Considered particularly material
1. Risks Related to the Company's Industry	
Our profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond our control.	*
The coronavirus (" COVID-19 ") pandemic may have a material adverse effect on our businesses, financial condition, and results of operations.	
Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of successive quarters difficult.	
2. Risks Related to the Company's Business and Operations	
We may be unable to maintain our agent growth rate, which would adversely affect our revenue growth and results of operations.	*
Our value proposition for agents and brokers includes allowing them to participate in the revenues of our company and is not typical in the real estate industry. If agents and brokers do not understand our value proposition, we may not be able to attract, retain, and incentivize agents.	*

We have experienced net losses in recent years, and, because we have a limited operating history, our ability to fully and successfully develop our business is unknown.	*
Our international operations are subject to risks not generally experienced by our U.S. operations.	*
Loss of our current executive officers or other key management could significantly harm our business.	*
We may be unable to effectively manage rapid growth in our business.	
If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities our long-term prospects and profitability will be harmed.	
We may be unable to attract and retain additional qualified personnel.	
We may not be able to utilize a portion of our net operating loss carryforwards, which may adversely affect our profitability.	
We could be subject to changes in tax laws and regulations that may have a material adverse effect in our business.	
The utilization of a 3D cloud-based immersive office as a suitable substitute for a physical brick and mortar location is a new and unproven strategy and we cannot guarantee that we will be able to operate and grow within its confines.	
We intend to evaluate acquisitions or investments in third-party technologies and businesses, but we may not realize the anticipated benefits from, and may have to pay substantial costs related to, any acquisitions, mergers, joint ventures, or investments that we undertake.	
We have identified material weaknesses in our internal control over financial reporting in the past and have remediated the previously identified material weaknesses in 2020. If our remedial measures in future years are unsuccessful or inadequate, our financial statements could include material misstatements.	
3. Risks Related to the Company's Technology	
If we do not remain an innovative leader in the real estate industry, we may not be able to grow our business and leverage our costs to achieve profitability.	*
Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.	*
Our business could be adversely affected if we are unable to expand, maintain and improve the systems and technologies which we rely on to operate.	*
Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.	
4. Risks Related to Legal and Regulatory Matters	
We offer our independent agents the opportunity to earn additional commissions through our revenue sharing plan, which pays under a multi-tiered compensation structure similar in some respects to network marketing. Network marketing is subject to intense government scrutiny, and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect our business.	*

We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, county and foreign governmental authorities, or private associations and governing boards.	*
If we fail to protect the privacy and personal information of our customers, agents or employees, we may be subject to legal claims, government action and damage to our reputation.	*
We may suffer significant financial harm and loss of reputation if we do not comply, cannot comply, or are alleged to have not complied with applicable laws, rules and regulations concerning our classification and compensation practices for the agents in our owned-and-operated brokerage.	
We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.	
5. Risks Related to the Company's Stock	
Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, Jason Gesing, a director and the Chief Executive Officer of eXp Realty, and Gene Frederick, a director, own a significant percentage of our stock and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for our shares may be depressed, and they can take actions that may be adverse to the interests of our other stockholders.	*
We are a "controlled company" within the meaning of NASDAQ rules, and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements.	*
Because we can issue additional Shares, our stockholders may experience dilution in the future.	*
The stock price of the Shares has been and likely will continue to be volatile and may decline in value regardless of our performance.	
Because we do not intend to pay any cash dividends on the Shares in the near future, our stockholders will not be able to receive a return on their shares unless they sell them.	
Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.	
6. Risks Related to the risk of the loss of fair value resulting from adverse changes in market rates and prices	
We are exposed to foreign exchange rate fluctuation due to our international operations.	

I. RISKS RELATED TO THE COMPANY'S INDUSTRY

Our profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond our control.*

Our profitability is closely related to the strength of the residential real estate market which is cyclical in nature and typically is affected by changes in national, state, and local economic conditions, which are beyond our 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, war or terrorist attacks, natural disasters or adverse weather events, or the public perception that any of these events may occur. Unfavorable general economic conditions, such as a recession or economic slowdown, in the U.S., Canada, or other markets we enter and operate 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 such as Fannie Mae and Freddie Mac could take actions that result in unforeseen consequences to the real estate market or that otherwise could negatively impact our business.

The real estate market is substantially reliant on the monetary policies of the U.S. federal government and its agencies and is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S., which in turn impacts interest rates. Our business could be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of home sale transactions may 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.

The COVID-19 pandemic may have a material adverse effect on our businesses, financial condition, and results of operations.

Since early 2020, the COVID-19 pandemic has had a profound effect on the global economy and financial markets. In the U.S. and abroad, governments continue to react to this evolving public health crisis by, among other actions, recommending or requiring the avoidance of gatherings of people or significantly or entirely curtailing activities categorized as non-essential. This unprecedented situation has created considerable risks and uncertainties for the U.S. real estate services industry in general and for the Company in particular, including those arising from the potential adverse effects on the economy as well as risks related to employees, independent agents, and consumers. The Company's agent base and transactions have not been significantly impacted throughout the global COVID-19 pandemic; total revenues increased primarily as a result of higher volume of real estate brokerage commissions, which is directly related to the Company's increase in agent count of 63% compared to 2019 and higher average home sales price also contributed to the increase of revenue marginally. Additionally, given the current environment due to the COVID-19 pandemic, there is an acute need for virtual workplace collaboration. For the year ended December 31, 2020, Virbela has seen an increase in demand for virtual events and collaborative spaces for remote teams and as a result has introduced new products and features. Overall, the Company is positioned to continue to grow in light of a series of fluctuations in economic activity and performed better than expected throughout 2020. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the extent and duration of the spread of the outbreak, the extent of governmental regulation (including, but not limited to, mandated "shelter in place" or other regulations that, for example, preclude or strictly limit open houses or in-person showings of properties), the impact on capital and financial markets and the related impact on consumer confidence and spending, and the magnitude of the financial and operational consequences to our agents and brokers, all of which are highly uncertain and cannot be predicted.

Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of successive quarters difficult.

Seasons and weather traditionally impact the real estate industry. 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. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our 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 we serve can conceal the impact of poor weather or seasonality.

Home sales in successive quarters can fluctuate widely due to a wide variety of factors, including holidays, national or international emergencies, the school year calendar's impact on timing of family relocations, interest rate changes, speculation of pending interest rate changes and the overall macroeconomic market. Our revenue and operating margins each quarter will remain subject to seasonal fluctuations, poor weather and natural disasters and macroeconomic market changes that may make it difficult to compare or analyze our financial performance effectively across successive quarters.

II. RISKS RELATED TO THE COMPANY'S BUSINESS AND OPERATIONS

We may be unable to maintain our agent growth rate, which would adversely affect our revenue growth and results of operations.*

We have experienced rapid and accelerating growth in our real estate broker and agent base. During the year ended December 31, 2020, our agent and broker base grew to 41,313 agents and brokers, or by 63%, from 25,423 agents and brokers as of December 31, 2019. Because we derive revenue from real estate transactions in which our brokers and agents receive commissions, the amount and rate of growth of our revenue typically correlate to the amount and rate of growth of our agent and broker base, respectively. The rate of growth of our agent and broker base cannot be predicted and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. We cannot assure that we will be able to maintain our recent agent growth rate or that our agent and broker base will continue to expand in future periods. A slowdown in our agent growth rate would have a material adverse effect on revenue growth and could adversely affect our business, results of operations, financial condition, and cash flows.

Our value proposition for agents and brokers includes allowing them to participate in the revenues of our company and is not typical in the real estate industry. If agents and brokers do not understand our value proposition, we may not be able to attract, retain, and incentivize agents.*

Participation in our revenue sharing plan represents a key component of our agent and broker value proposition. Agents and brokers may not understand or appreciate its value due to the intricacies of our programs. In addition, agents may not appreciate other components of our value proposition, including the cloud office platform, the mobility it affords, the systems and tools that we provide to agents and brokers, and the professional development opportunities we create and deliver. If agents and brokers do not understand the elements of our agent value proposition, or do not perceive it to be more valuable than the models used by most competitors, we may not be able to attract, retain and incentivize new and existing agents and brokers to grow our revenues.

We have experienced net losses in recent years, and, because we have a limited operating history, our ability to fully and successfully develop our business is unknown.*

We had a history of operating at losses since our inception in October 2009 until the fourth quarter of 2019. Our ability to realize consistent, meaningful revenues and profit over a sustained period has not been established over the long term and cannot be assured in future periods.

While we believe that we have made significant progress in revenue growth and managing our overhead by implementing our cloud-based technology strategy, our services must achieve broad market acceptance by consumers, and we must continue to grow our geographical reach, attract more agents and brokers, and increase the volume of our residential real-estate transactions. If we are unsuccessful in continuing to

gain market acceptance, we will not be able to generate sufficient revenue to continue our business operations and could recognize future operating and net losses.

Despite our ongoing efforts to build revenue growth, both organically and through acquisitions, and to control the anticipated expenses associated with the continued development, marketing and provision of our services, we may not be able to consistently generate significant net income and cash flows from operations in the future.

Our international operations are subject to risks not generally experienced by our U.S. operations.*

In addition to operating in Canada, we expanded our business into Australia and the United Kingdom in 2019, and into South Africa, Portugal, France, Mexico, and India during 2020. Our international operations are subject to risks not generally experienced by our U.S. operations. The risks involved in our international operations and relationships that could result in losses against which we are not insured and, therefore, affect our profitability include:

- fluctuations in foreign currency exchange rates;
- exposure to local economic conditions and local laws and regulations;
- employment laws that are significantly different than U.S. laws;
- diminished ability to legally enforce our contractual rights and use of our trademarks in foreign countries;
- difficulties in registering, protecting or preserving trade names and trademarks in foreign countries;
- restrictions on the ability to obtain or retain licenses required for operations;
- withholding and other taxes on third party cross-border transactions as well as remittances and other payments by subsidiaries;
- onerous requirements, subject to broad interpretation, for indirect taxes and income taxes that can result in audits with potentially significant financial outcomes;
- changes in foreign taxation structures;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, or similar laws of other countries;
- uncertainties and effects of the implementation of the United Kingdom's agreement to withdraw its membership from the European Union (referred to as Brexit), including financial, legal and tax implications;
- government and health organization restrictions within the international locations in which we operate in response to the COVID-19 pandemic, which can be significantly different than those imposed within U.S. jurisdictions; and
- regional and country specific data protection and privacy laws including the European Union's General Data Protection Regulation ("GDPR").

At present, the government and health organization restrictions imposed by the continuing COVID-19 pandemic is a key material risk for the Company and its business operations. In addition, activities of agents and brokers outside of the U.S. are more difficult and more expensive to monitor, and improper activities or

mismanagement may be more difficult to detect. Negligent or improper activities involving our agents and brokers may result in reputational damage to us and may lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability which, if determined adversely, could increase costs, and subject us to incremental liability for their actions.

Loss of our current executive officers or other key management could significantly harm our business.*

We depend on the industry experience and talent of our current executives. We believe that our future results will depend in part upon our ability to retain and attract highly skilled and qualified management. The loss of our executive officers could have a material adverse effect on our operations because other officers may not have the experience and expertise to readily replace these individuals. To the extent that one or more of our top executives or other key management personnel depart from the Company, our operations and business prospects may be adversely affected. In addition, changes in executives and key personnel could be disruptive to our business.

We may be unable to effectively manage rapid growth in our business.

We may not be able to scale our business quickly enough to meet the growing needs of our affiliated real estate professionals and if we are not able to grow efficiently, our operating results could be harmed. As the Company adds new real estate professionals, it 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, we will need to appropriately scale our internal business systems and our services organization, including support of our affiliated real estate professionals as our 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 our Company to existing real estate professionals who might leave the Company, as well as resulting in decreased attraction of new real estate professionals. Even if we are able to upgrade our systems and expand our staff, such expansion may be expensive, complex, and place increasing demands on our management. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure, and we may not be successful in maintaining adequate financial and operating systems and controls as we expand. Moreover, there are inherent risks associated with upgrading, improving, and expanding our IT systems. We cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all. These efforts may reduce revenue and our margins and adversely impact our financial results.

If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities our long-term prospects and profitability will be harmed.

To capture and retain market share in the various local markets that we serve, we must compete successfully against other brokerages for agents and brokers and for the consumer relationships that they bring. Our competitors could lower the fees that they charge to agents and brokers or could raise the compensation structure for those agents. Our competitors may have access to greater financial resources than us, allowing them to undertake expensive local advertising or marketing efforts. In addition, our competitors may be able to leverage local relationships, referral sources, and strong local brand and name recognition that we have not established. Our competitors could, as a result, have greater leverage in attracting new and established agents in the market and in generating business among local consumers. Our ability to grow in the local markets that we serve will depend on our ability to compete with these local brokerages.

We may implement changes to our business model and operations to improve revenues that cause a disproportionate increase in our expenses or reduce profit margins. For example, we may allocate resources to acquiring lower margin brokerage models and have invested in the development of a mortgage servicing division, a commercial real estate division, a title and escrow company and a continuing education division. Expanding our service offerings could involve significant up-front costs that may only be recovered after lengthy periods of time. Our barrier to entry in new real estate markets is low given our cloud-based

operating model; however, attempts to pursue new business opportunities could result in a disproportionate increase in our expenses and in reduced profit margins. In addition, expansion into new markets, including internationally, could expose us to additional compliance obligations and regulatory risks. If we fail to continue to grow in the local markets we serve or if we fail to successfully identify and pursue new business opportunities, our long-term prospects, financial condition, and results of operations may be harmed, and our stock price may decline.

We may be unable to attract and retain additional qualified personnel.

To execute our business strategy, we must attract and retain highly qualified personnel. In particular, we compete with many other real estate brokerages for qualified brokers who manage our operations in each state. We must also compete with technology companies for developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled service and operations professionals, and we may not be successful in attracting and retaining the professionals we need. Additionally, in order to realize the potential benefits of acquisitions, we may need to retain employees from the acquired businesses or hire additional personnel to fully capitalize on the opportunities that such acquisitions may offer, and we may not be successful in retaining or attracting such individuals following an acquisition. From time to time in the past we have experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we do. In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of the stock options or other equity incentives they are to receive in connection with their employment. If the price of our stock declines or continues to experience significant volatility, our ability to attract or retain key employees may be adversely affected. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

We may not be able to utilize a portion of our net operating loss carryforwards, which may adversely affect our profitability.

As of December 31, 2020, we had federal and state net operating losses carryforward due to prior years' losses. The pre-fiscal 2018 federal and the state net operating losses will carry forward 20 years. The federal net operating losses generated in and after fiscal 2018 can be carried forward indefinitely. A portion of our net operating loss may expire unused and be unavailable to reduce future income tax liabilities, which may adversely affect our profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes, in any taxable year, may be limited if we experience an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. It is possible that an ownership change, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

We could be subject to changes in tax laws and regulations that may have a material adverse effect in our business.

We operate and are subject to taxes in the United States and numerous other jurisdictions throughout the world. Changes to federal, state, local, or international tax laws on income, sales, use, indirect, or other tax laws, statutes, rules or regulations may adversely affect our effective tax rate, operating results or cash flows.

Our effective tax rate could increase due to several factors, including: changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates; changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Cuts and Jobs Act of 2017 (the "**Tax Act**"); changes to our assessment about our ability to realize our deferred tax

assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; the outcome of current and future tax audits, examinations or administrative appeals; and limitations or adverse findings regarding our ability to do business in some jurisdictions.

In particular, new income, sales and use or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, regulations could be interpreted, modified or applied adversely to us. For example, the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. For example, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the “**CARES Act**”) modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net operating losses, and other deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense.

The utilization of a 3D cloud-based immersive office as a suitable substitute for a physical brick and mortar location is a new and unproven strategy and we cannot guarantee that we will be able to operate and grow within its confines.

Currently, our cloud office adequately supports the needs of our agent population located across the markets we serve. We cannot guarantee that our cloud office platform will continue to support our agent population and meet our business needs as we grow. The effectiveness of our cloud office platform is tied to a number of variables at any given time, including server capacity and concurrent users. In addition, the use of the cloud office platform and the use generally of 3D immersive office environments as an acceptable substitute among agents and brokers for physical office locations is unproven. We cannot guarantee that industry rank and file will adopt or accept cloud-based 3D office environments as a substitute for a physical office environment in a sustainable, long-term manner.

We intend to evaluate acquisitions or investments in third-party technologies and businesses, but we may not realize the anticipated benefits from, and may have to pay substantial costs related to, any acquisitions, mergers, joint ventures, or investments that we undertake.

As part of our business and growth strategy, we evaluate acquisitions of, or investments in, a wide array of potential strategic opportunities, including third-party technologies and businesses, as well as other real estate brokerages. If we are not able to effectively integrate acquired businesses and assets or successfully execute on joint venture strategies, our operating results and prospects could be harmed. Since 2018, we have acquired new technology and operations and entered into joint venture arrangements. We will continue to look for opportunities to acquire technologies or operations that we believe will contribute to our growth and development, including our July 2020 acquisition of Showcase and our December 2020 acquisition of Success. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete, and integrate acquisitions. The success of our future joint venture strategies will depend on our ability to identify, negotiate, complete, and successfully manage and grow joint ventures with other parties. In addition, acquisitions and joint ventures could cause potentially dilutive issuances of equity securities or incurrence of debt.

Acquisitions and joint ventures are inherently risky, and any we complete may not be successful. Any acquisitions and joint ventures we pursue would involve numerous risks, including the following:

- difficulties in integrating and managing the operations and technologies of the companies we acquire, including higher than expected integration costs and longer integration periods;
- diversion of our management’s attention from normal daily operations of our business;

- our inability to maintain the customers, key employees, key business relationships and reputations of the businesses we acquire;
- our inability to generate sufficient revenue or business efficiencies from acquisitions or joint ventures to offset our increased expenses associated with acquisitions or joint ventures;
- our responsibility for the liabilities of the businesses we acquire or gain ownership in through joint ventures, including, without limitation, liabilities arising out of their failure to maintain effective data security, data integrity, disaster recovery and privacy controls prior to the acquisition, or their infringement or alleged infringement of third party intellectual property, contract or data access rights prior to the acquisition;
- difficulties in complying with new markets or regulatory standards to which we were not previously subject;
- delays in our ability to implement internal standards, controls, procedures and policies in the businesses we acquire or gain ownership in through joint ventures and increased risk that our internal controls will be ineffective;
- operations in a nascent state depend directly on utilization by eXp Realty agents and brokers;
- adverse effects of acquisition and joint venture activity on the key performance indicators we use to monitor our performance as a business; and
- inability to fully realize intangible assets recognized through acquisitions or joint ventures and related non-cash impairment charges that may result if we are required to revalue such intangible assets.

With recent and prospective joint ventures and acquisitions, the risks of integrating and managing new operations and complying with new markets or regulatory standards are key material risks to the Company. Our failure to address these risks or any other challenges we encounter with our future acquisitions, joint ventures, and investments could cause us to not realize all or any of the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business, which could negatively impact our operating results, financial condition, and cash flows.

We have identified material weaknesses in our internal control over financial reporting in the past and have remediated the previously identified material weaknesses in 2020. If our remedial measures in future years are unsuccessful or inadequate, our financial statements could include material misstatements.

During its evaluation of the effectiveness of disclosure controls and procedures as of December 31, 2019, management identified material weaknesses in internal control over financial reporting. During 2020, we identified and implemented remedial measures to address the control deficiencies that led to the material weaknesses. However, there can be no assurance that remedial measures will prevent other control deficiencies or material weaknesses, and we may identify additional material weaknesses in our internal control over financial reporting in the future. If we are unable to remediate the material weaknesses or we identify additional material weaknesses in our internal control over financial reporting in the future, our ability to analyze, record and report financial information free of material misstatements, and to prepare our financial statements within the time periods specified by the rules and forms of the SEC may be adversely affected. The occurrence of, or failure to remediate, any further material weaknesses in our internal control over financial reporting may result in material misstatements, as well as negatively impact the reliability of our financial statements, our reputation, our business, and the trading price of our common stock, potentially leading to the suspension of trading on or delisting of the Shares from the NASDAQ stock exchange.

III. RISKS RELATED TO THE COMPANY'S TECHNOLOGY

If we do not remain an innovative leader in the real estate industry, we may not be able to grow our business and leverage our costs to achieve profitability.*

Innovation has been critical to our ability to compete against other brokerages for clients and agents. For example, we have pioneered the utilization of a 3D immersive online office environment in the real estate market which reduces our need for office space and facilitates the transaction of business away from an office. If competitors follow our practices or develop innovative practices, our ability to achieve profitability may diminish or erode. For example, certain other brokerages could develop or license cloud-based office platforms that are equal to or superior to ours. If we do not remain on the forefront of innovation, we may not be able to achieve or sustain profitability.

The market for Internet products and services including, without limitation, 3D immersive experiences, virtual reality and augmented reality is characterized by rapid technological developments, evolving industry standards and consumer demands, and frequent new product introductions and enhancements. The Company's future success will depend in significant part on its ability to continually improve the performance, features and reliability of its Internet-based virtual environment, its tools and other properties in response to both evolving demands of the marketplace and competitive product offerings, and there can be no assurance that the Company will be successful in doing so. In addition, the widespread adoption of new virtual reality and augmented reality applications through new technology developments could require fundamental changes in the Company's services.

Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.*

Cybersecurity threats and incidents directed at us could range from uncoordinated individual attempts to gain unauthorized access to IT systems to sophisticated and targeted measures aimed at disrupting business or gathering personal data of customers. In the ordinary course of our business, we and our agents and brokers collect and store sensitive data, including proprietary business information and personal information about our customers. Our business, and particularly our cloud-based platform, is reliant on the uninterrupted functioning of our IT systems. The secure processing, maintenance, and transmission of information are critical to our operations, especially the processing and closing of real estate transactions. Although we employ measures designed to prevent, detect, address, and mitigate these threats (including access controls, data encryption, vulnerability assessments, and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including potentially sensitive personally information of our customers) and the disruption of business operations. Any such compromises to our security could cause harm to our reputation, which could cause customers to lose trust and confidence in us, or could cause agents and brokers to stop working for us. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers and business partners. We may also be subject to legal claims, government investigation, and additional state and federal statutory requirements.

The potential consequences of a material cybersecurity incident include regulatory violations of applicable U.S. and foreign privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could have a material adverse effect on our competitiveness and results of operations.

Our business could be adversely affected if we are unable to expand, maintain and improve the systems and technologies which we rely on to operate.*

As the number of agents and brokers in our company grows, our success will depend on our ability to expand, maintain and improve the technology that supports our business operations, including, but not limited to, our cloud office platform. Loss of key personnel or the lack of adequate staffing with the requisite expertise and training could impede our efforts in this regard. If our systems and technologies lack capacity or quality sufficient to service agents and their clients, then the number of agents who wish to use our products could decrease, the level of client service and transaction volume afforded by our systems could suffer, and our costs could increase. In addition, if our systems, procedures or controls are not adequate to provide reliable, accurate and timely financial and other reporting, we may not be able to satisfy regulatory scrutiny or contractual obligations with third parties and may suffer a loss of reputation. Any of these events could negatively affect our financial position.

Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.

The performance and reliability of our systems and operations are critical to our reputation and ability to attract agents, teams of agents and brokers into our company as well as our ability to service home buyers and sellers. Our systems and operations are vulnerable to security breaches, interruption or malfunction due to events beyond our control, including natural disasters, such as earthquakes, fire and flood, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. In addition, we rely on third party vendors to provide the cloud office platform and to provide additional systems and related support. If we cannot continue to retain these services on acceptable terms, our access to these systems and services could be interrupted. Any security breach, interruption, delay or failure in our systems and operations could substantially reduce the transaction volume that can be processed with our systems, impair quality of service, increase costs, prompt litigation and other consumer claims, and damage our reputation, any of which could substantially harm our financial condition.

IV. RISKS RELATED TO LEGAL AND REGULATORY MATTERS

We offer our independent agents the opportunity to earn additional commissions through our revenue sharing plan, which pays under a multi-tiered compensation structure similar in some respects to network marketing. Network marketing is subject to intense government scrutiny, and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect our business.*

Various laws and regulations in the United States and other countries regulate network marketing. These laws and regulations exist at many levels of government in many different forms, including statutes, rules, regulations, judicial decisions, and administrative orders. Network marketing regulations are inherently fact-based and often do not include “bright line” rules. Additionally, we are subject to the risk that the regulations, or a regulator’s interpretation and enforcement of the regulations, could change. From time to time, we have received requests to supply information regarding our revenue sharing plan to regulatory agencies. We could potentially in the future be required to modify our revenue sharing plan in certain jurisdictions in order to comply with the interpretation of the regulations by local authorities.

In the United States, the Federal Trade Commission (“**FTC**”) has entered into several highly publicized settlements with network marketing companies that required those companies to modify their compensation plans and business models. Those settlements resulted from actions brought by the FTC involving a variety of alleged violations of consumer protection laws, including misleading earnings representations by the companies’ independent distributors, as well as the legal validity of the companies’ business model and distributor compensation plans. FTC determinations such as these have created an ambiguity regarding the proper interpretation of the law and regulations applicable to network marketing companies in the U.S. Although a consent decree between the FTC and a specific company does not represent judicial precedent,

FTC officials have indicated that the network marketing industry should look to these consent decrees, and the principles contained therein, for guidance. Additionally, following the issuance of these consent decrees, the FTC issued non-binding guidance to the network marketing industry, suggesting it was intending to reinforce the principles contained in the consent decrees and provide other operational guidance to the network marketing industry.

While we strive to ensure that our overall business model, and revenue sharing plan, are regulatory compliant in each of our markets, we cannot assure you that a regulator, if it were to review our business, would agree with our assessment and would not require us to change one or more aspects of our operations. Any action against us in the future by the FTC or another regulator could materially and adversely affect our operations.

We cannot predict the nature of any future law, regulation, or guidance, nor can we predict what effect additional governmental regulations, judicial decisions, or administrative orders, when and if promulgated, would have on our business. Failure by us, or our independent agents, to comply with these laws, could adversely affect our business.

We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, county and foreign governmental authorities, or private associations and governing boards.*

We operate in a heavily regulated industry subject to complex, federal, state, provincial and local laws and regulations within the markets in which we operate and third-party organizations' regulations, policies and bylaws governing the real estate business.

In general, the laws, rules and regulations that apply to our business practices include, without limitation, the Real Estate Settlement Procedures Act ("RESPA"), the federal Fair Housing Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), and federal advertising and other laws, as well as comparable state statutes; rules of trade organizations such as 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 ("**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.

As we expand our business into new international markets, including the United Kingdom, Australia, Portugal, Mexico, South Africa, India, and France, we are subject to additional foreign governmental regulation. Ensuring compliance with these newly applicable laws could substantially increase our operating expenses. In addition, entry into these new markets exposes us to increased risk and liability. For example, the GDPR confers significant privacy rights on individuals (including employees and independent agents), and materially increased penalties for violations. A violation of any of these applicable laws could have a material adverse effect on our business.

Maintaining legal compliance is challenging and increases our 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.

We may not become aware of all the laws, rules and regulations that govern our 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.

If we fail, or we have alleged to have failed, to comply with any existing or future applicable laws, rules and regulations, we could be subject to lawsuits and administrative complaints and proceedings, as well as criminal proceedings. Our noncompliance could result in significant defense costs, settlement costs, damages and penalties.

Our business licenses could be suspended or revoked, our business practices enjoined, or we could be required to modify our business practices, which could materially impair, or even prevent, our ability to conduct all or any portion of our business. Any such events could also damage our reputation and impair our ability to attract and service home buyers, home sellers and agents, as well our ability to attract brokerages, brokers, teams of agents and agents to our company, without increasing our costs.

Further, if we lose our ability to obtain and maintain all of the regulatory approvals and licenses necessary to conduct business as we currently operate, our ability to conduct business may be harmed. Lastly, any lobbying or related activities we undertake in response to mitigate liability of current or new regulations could substantially increase our operating expenses.

If we fail to protect the privacy and personal information of our customers, agents or employees, we may be subject to legal claims, government action and damage to our reputation.*

Hundreds of thousands of consumers, independent contractors, and employees have shared personal information with us during the normal course of our business processing real estate transactions. This includes, but is not limited to, social security numbers, annual income amounts and sources, consumer names, addresses, telephone and cell phone numbers, and email addresses. To run our business, it is essential for us to store and transmit this sensitive information in our systems and networks. At the same time, we are subject to numerous laws, regulations, and other requirements that require businesses like ours to protect the security of personal information, notify customers and other individuals about our privacy practices, and limit the use, disclosure, or transfer of personal data across country borders. Regulators in the U.S. and abroad continue to enact comprehensive new laws or legislative reforms imposing significant privacy and cybersecurity restrictions. The result is that we are subject to increased regulatory scrutiny, additional contractual requirements from corporate customers, and heightened compliance costs. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. For example, the European Union's GDPR conferred new and significant privacy rights on individuals (including employees and independent agents), and materially increased penalties for violations. In the U.S., California enacted the California Consumer Privacy Act—which went into full effect in 2020—imposing new and comprehensive requirements on organizations that collect and disclose personal information about California residents. In March 2017, the New York Department of Financial Services' cybersecurity regulation went into effect, requiring regulated financial institutions to establish a detailed cybersecurity program. Program requirements include corporate governance, incident planning, data management, system testing, vendor oversight, and regulator notification rules. Now, other state regulatory agencies are expected to enact similar requirements following the adoption of the Insurance Data Security Model Law by the National Association of Insurance Commissioners that is consistent with the New York regulation.

Any significant violations of privacy and cybersecurity could result in the loss of new or existing business, litigation, regulatory investigations, the payment of fines, damages, and penalties and damage to our reputation, which could have a material adverse effect on our business, financial condition, and results of operations.

We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition.

In addition, while we disclose our information collection and dissemination practices in a published privacy statement on our websites, which we may modify from time to time, we may be subject to legal claims, government action and damage to our reputation if we act or are perceived to be acting inconsistently with the terms of our privacy statement, customer expectations or state, national and international regulations. Our policy and safeguards could be deemed insufficient if third parties with whom we have shared personal information fail to protect the privacy of that information.

The occurrence of a significant claim in excess of our insurance coverage or which is not covered by our insurance in any given period could have a material adverse effect on our financial condition and results of operations during the period. In the event we or the vendors with which we contract to provide services on behalf of our customers were to suffer a breach of personal information, our customers and independent agents could terminate their business with us. Further, we may be subject to claims to the extent individual employees or independent contractors breach or fail to adhere to Company policies and practices and such actions jeopardize any personal information. Our legal liability could include significant defense costs, settlement costs, damages and penalties, plus, damage our reputation with consumers, which could significantly damage our ability to attract customers. Any or all of these consequences would result in meaningful unfavorable impact on our brand, business model, revenue, expenses, income and margins.

In addition, concern among potential home buyers or sellers about our privacy practices could result in regulatory investigations, especially in the European Union as related to the GDPR. Additionally, concern among potential home buyers or sellers could keep them from using our services or require us to incur significant expense to alter our business practices or educate them about how we use personal information.

We may suffer significant financial harm and loss of reputation if we do not comply, cannot comply, or are alleged to have not complied with applicable laws, rules and regulations concerning our classification and compensation practices for the agents in our owned-and-operated brokerage.

Except for our employed state brokers and commission only employees, all real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, like most brokerage firms, we are subject to the taxing authorities' regulations and applicable laws regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it might be determined that the independent contractor classification is inapplicable to any of our affiliated real estate professionals. Further, if legal standards for classification of real estate professionals as independent contractors change or appear to be changing, it may be necessary to modify our compensation and benefits structure for our affiliated real estate professionals in some or all of our markets, including by paying additional compensation or reimbursing expenses.

In the future we could incur substantial costs, penalties and damages, including back pay, unpaid benefits, taxes, expense reimbursement and attorneys' fees, in defending future challenges by our affiliated real estate professionals to our employment classification or compensation practices.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.

We are subject to risk of, and are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and proceedings arising from our business, including actions with respect to intellectual property, privacy, information security, data protection or law enforcement matters, tax matters, labor and employment, including claims challenging the classification of our agents and brokers as independent contractors and compliance with wage and hour regulations, and claims alleging violations of RESPA or state consumer fraud statutes, and commercial arrangements. We are also subject to risk related to shareholder derivative actions, standard brokerage disputes like the failure to disclose hidden defects in a property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including our agents, brokers, third-party service or product providers, and purported class action lawsuits.

We cannot predict with certainty the cost of defense, the cost of prosecution, insurance coverage or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards. Adverse results in such litigation and other proceedings may harm our business and financial condition. Class action lawsuits can often be particularly burdensome given the breadth of claims, large potential damages and significant costs of defense. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third party patents or other third party intellectual property rights. In addition, we may be required to enter into licensing agreements (if available on acceptable terms) and be required to pay royalties.

From time to time, we may become involved in lawsuits and legal proceedings which arise in the ordinary course of business. At present, as specified in Part II, Section B.7.3 of this prospectus, we are not involved in any material pending legal proceeding, and there are no proceedings in which any of our directors, officers or affiliates is an adverse party or has a material interest adverse to our interest.

V. RISKS RELATED TO THE COMPANY'S STOCK

Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, Jason Gesing, a director and the Chief Executive Officer of eXp Realty, and Gene Frederick, a director, own a significant percentage of our stock and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for our shares may be depressed, and they can take actions that may be adverse to the interests of our other stockholders.*

On February 16, 2021, Glenn Sanford, Penny Sanford, Jason Gesing, and Gene Frederick filed an amended Schedule 13D with the SEC which disclosed that they beneficially owned approximately 58.4% of our outstanding Shares as of February 16, 2021, and that they had agreed to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in a company with a controlling stockholder group. The group can significantly influence all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, due to his significant ownership stake and his service as our Principal Executive Officer and Chairman of the Board, Mr. Sanford controls the management of our business and affairs. Together, Messrs. Sanford, Gesing, and Frederick hold three of our seven board seats. This concentration of ownership and control could have the effect of delaying, deferring, or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to our other stockholders. Please also refer to Part II Section B. 11.2 of this prospectus.

We are a “controlled company” within the meaning of NASDAQ rules, and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements.*

As of February 16, 2021, Glenn Sanford, Penny Sanford, Jason Gesing, and Gene Frederick beneficially owned approximately 58.4% of the total combined voting power of our outstanding Shares. Accordingly, we qualify as a “controlled company” within the meaning of NASDAQ corporate governance standards.

Under NASDAQ rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a “controlled company” and may elect not to comply with certain NASDAQ corporate governance standards, including:

- the requirement that a majority of the members of the Board be independent directors;

- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter for addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We intend to use these exemptions. As a result, we will not have a majority of independent directors, our compensation and our nominating and corporate governance committees will not consist entirely of independent directors, and such committees may not be subject to annual performance evaluations. Consequently, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance rules and requirements. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

Because we can issue additional Shares, our stockholders may experience dilution in the future.*

We are authorized to issue up to 220,000,000 Shares,¹ of which 146,677,786 Shares were issued, and 144,143,292 Shares were outstanding as of December 31, 2020. The Board has the authority to cause us to issue additional Shares without consent of any of our stockholders. Consequently, current stockholders may experience more dilution in their ownership of the Shares in the future.

The stock price of the Shares has been and likely will continue to be volatile and may decline in value regardless of our performance.

The market price for the Shares could fluctuate significantly for various reasons, many of which are outside our control, including those described above and the following:

- our operating and financial performance and prospects;
- future sales of substantial amounts of the Shares in the public market, including but not limited to shares we may issue as consideration for acquisitions or investments;
- housing and mortgage finance markets;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in recommendations or analysis of our prospects by securities analysts who track the Shares;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actual or potential changes in laws, regulations and regulatory interpretations;

¹ As of May 17, 2021, the Company was authorized to issue 900,000,000 Shares.

- changes in interest rates;
- changes in demographics relating to housing such as household formation or other consumer preferences toward home ownership;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- adverse resolution of new or pending litigation or regulatory proceedings against us;
- government and health organization restrictions within the domestic and international locations in which we operate in response to the COVID-19 pandemic; and
- changes in general market, economic and political conditions in the United States and global economies.

In addition, the stock markets have experienced periods of high price and volume fluctuations that have affected and continue to affect the market prices of the equity securities of many companies, including technology companies and real estate brokerages. Such price fluctuations can be unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and harm our business.

Because we do not intend to pay any cash dividends on the Shares in the near future, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on the Shares in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the Board, and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as the Board considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them.

Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation (as amended, the “**Certificate**”) and amended and restated bylaws (as amended, the “**Bylaws**”) may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of the Board. Among other things, these provisions:

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power to a majority of the Board to fix the number of directors;
- provide the power to the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

- eliminate the ability of stockholders to call special meetings of stockholders; and
- establish advance notice requirements for nominations for election to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

The foregoing factors could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for the Shares which, under certain circumstances, could reduce the market value of the Shares and our investors' ability to realize any potential change-in-control premium.

VI. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk relates to the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates, and other market rates or prices on the profitability of market-sensitive financial instruments and our results of operations.

Additional information about the historical and current trading price of the Shares can be found on its website at <https://expworldholdings.com/investors/stock-information/>, being specified that the information on the website does not form part of this prospectus unless that information is incorporated by reference into this prospectus.

Foreign Currency Risk

The majority of our net sales, expense, and capital purchases were transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation existed due to our operations in Canada, Europe, Australia, Mexico, India, and South Africa, albeit each individually and in the aggregate to a small extent. As of December 31, 2020, our largest international operations were in Canada. Based on fiscal 2020 performance, a hypothetical decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would negatively impact operating income by approximately \$135, while a hypothetical appreciation of 10% in the value of the Canadian dollar in relation to the U.S. dollar would favorably impact operating income by approximately \$70. The individual impacts to the operating income of hypothetical currency fluctuations in the Canadian dollar have been calculated in isolation from any potential responses to address such exchange rate changes in our other foreign markets. Our exposures to foreign currency risk related to our other operations in our other international locations were immaterial and have been excluded from this analysis.

Our investments in the net assets of our international operations were also subject to currency risk. As of December 31, 2020, the impacts of translations of foreign-denominated net assets of our international operations were immaterial to the Company's consolidated financial statements. The translation impacts related to the net assets of our international operations are recorded within accumulated other comprehensive income. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

SECTION B — SUPPLEMENTAL INFORMATION CONCERNING THE COMPANY AND THE PROGRAM**I. THE OUTLINE****1.1 Purpose of the Program**

The purpose of the Program is to attract, retain and motivate independent agents whose present and potential contributions are important to the success of the Company and its affiliates.

1.2 Shares Offered Under the Program

As of March 31, 2021, 22,948,161 Shares were available for future issuance under the Program (out of the 83,916,436 Shares available for the duration of the Plan), representing approximately 15.85% of the 144,777,364 Shares outstanding as of April 23, 2021. Each Share has a par value of \$0.00001. The Shares offered under the Program are or will be, after their issuance, listed on NASDAQ under the trading symbol "EXPL."

1.3 Purchase Period

The Program is offered via Monthly Offering starting on the first business day of each month. Each Monthly Offering consists of a single purchase period during which Participants' Contributions are accumulated under the Program.

1.4 Purchase Price

The Purchase Price for Shares issued under the Program will be equal to ninety percent (90%) of the fair market value of the Shares on the Purchase Date.

The fair market value of a Share will be the closing price of the Shares (or the closing bid, if no sales were reported) as quoted on NASDAQ on the applicable date.

As soon as administratively practicable after each Purchase Date, the Purchase Price and Purchase Date information is available to the Participant from the Broker in the account established in the Participant's name at the Broker. The Company does not provide additional or ancillary communications to the Participant as such communications are managed by the Broker.

1.5 Purchase of Shares

Participation in the Program is completely voluntary.

On each Purchase Date, the Contributions will be used to purchase whole Shares. The number of Shares purchased will be determined by dividing the Participant's accumulated Contributions by the Purchase Price. No fractional Shares will be issued upon purchase; however, the Participant's account will be credited with a fractional share economic interest.

Shares under the Program will be issued on the last trading day of the month during which the closing on the sales of any properties from which a Contribution has been authorized results in an accumulated Contribution of not less the purchase price of one whole Share.

Any cash remaining to buy less than a whole Share will be automatically rolled over into the next Monthly Offering.

1.6 Term of the Program

The Program does not have a termination date but the Plan under which the Program is offered will terminate on March 12, 2025.

The Company will start offering the Program on or after the date this prospectus will be approved by the AMF, i.e., June 24, 2021. The prospectus will expire after twelve months from the date of the AMF approval and the Company will seek a subsequent approval to continue the offering of the Program.

1.7 Amendment or Discontinuance of the Plan and the Program

The Board may alter, amend, suspend or terminate the Plan (including the Program) as to any awards that have not been made. No amendment, suspension, or termination of the Plan will, without Participant's consent, deprive participant of any award granted to Participant or any rights thereunder. Stockholder approval of amendments will be required only to comply with applicable laws or regulatory requirements.

II. ELIGIBILITY

2.1 Eligible Independent Agents

All agents and brokers that have entered into an independent contractor agreement with the Company or one of its subsidiaries and who are in good standing with the Company or its applicable subsidiaries are eligible to participate in the Program.

2.2 Participation of Eligible Independent Agents

In order to participate in the Program, an eligible independent agent must enroll in the Program by completing and submitting the Election Form, no later than ten days prior to the next purchase date.

The Participant will be automatically re-enrolled in each succeeding Monthly Offering, provided that the Participant remains eligible to participate to the Program.

If a Participant timely withdraws from the Program, or has terminated his or her services with the Company, the Participant will not be automatically re-enrolled in the succeeding Monthly Offering.

2.3 Contributions

By enrolling in the Program, Participant agrees that five percent (5%) of his or her net commission payment (after splits, fees, and any other required withholdings) (the “**Contributions**”) on real estate transactions that close in Participant's name, commencing with transactions closing on or after Participant's join date, will be used to purchase Shares at the Purchase Price. The Company does not presently cap the dollar amount of such Contributions. The Contributions are calculated on a monthly basis and deducted from Participant's net commission payment that the local subsidiary for which Participant is providing services would otherwise pay for real estate transactions that have closed that month.

Participant cannot change the percentage of his or her Contributions other than to withdraw from the Program.

Any cash remaining to buy less than a whole Share will be automatically rolled over into the next Monthly Offering, unless Participant has withdrawn from the Program as described below.

The Company does not pay interest on the Contributions, unless required by local law.

2.4 Discontinuance of Participation of Participants

A Participant may withdraw from the Program at any time by completing a new Election Form indicating his or her intention to withdraw from the Program.

If Participant withdraws from a Monthly Offering, he or she may resume participation in any subsequent Monthly Offering, provided he or she remains eligible, by delivering to the Company a new Election Form. The Company may impose a requirement that the notice of withdrawal under the Program be on file, or submitted electronically (as applicable) with the Company's designated office for a reasonable period prior to the Purchase Date with respect to a Monthly Offering.

Upon such voluntary withdrawal, Participant's accumulated Contributions which have not been applied toward the purchase of Shares will be refunded to Participant as soon as administratively feasible and in accordance with the Company's administrative procedures.

2.5 Termination of Service of Participants

A Participant's participation in the Program will be terminated immediately if a Participant is no longer in good standing with the Company or any of its subsidiaries, as determined by the Administrator in its sole discretion. In such case, any amounts owed to Participant will be refunded to Participant as soon as practicable and will not be used to purchase additional Shares.

III. DELIVERY AND SALE OF THE SHARES

As soon as administratively practicable after each Purchase Date, Participant's individual account at the Broker will be credited with the Shares that were purchased on Participant's behalf. The Shares will remain in Participant's individual account until Participant gives further instructions to the Broker to transfer or sell the Shares, and will remain in such Participant's account following termination from participation in the Program or from the Company. Each quarter a summary statement is available from the Broker that details the activity in Participant's account, including any purchases and sales, the total number of Shares held at the end of the quarter and the total value of Participant's account. The fourth quarter statement will include a summary of any transactions that occurred during the year.

No Participant is permitted to sell, assign, transfer, pledge or otherwise dispose of or encumber either the Contributions credited to his/her account or any rights with regards to the purchase rights or rights to receive Shares under the Program.

IV. RIGHTS RELATED TO THE SHARES

4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

eXp World Holdings, Inc.'s shares of common stock, par value \$0.00001 are quoted on NASDAQ under the trading symbol "EXPI." The ISIN of the Shares is US30212W1009 and the U.S. security identification number (the CUSIP number) for the Shares is 30212W100. The Shares are not traded, and have not been subject to a request for listing, on a regulated market or a multilateral trading facility located in the European Union.

The Shares were initially traded on the over-the-counter market for U.S. stocks (OTCQB) and have been traded on NASDAQ since May 21, 2018 as a result of NASDAQ's approval to uplist the Shares on May 17, 2018. There was no capital raising. The initial quote price of the Shares on NASDAQ was \$9.65.

As of May 17, 2021, the Company was authorized to issue 900,000,000 Shares. As of April 23, 2021, there were 144,777,364 Shares outstanding. There have been no material changes in the number of Shares issued and outstanding since that date.

4.2 Legislation Under Which the Securities Have Been Created

The Shares were created under the US Delaware General Corporation Law (the “**DGCL**”). Except as otherwise expressly required under the laws of a country, the Program and all rights thereunder will be governed by and construed in accordance with the laws of the State of Delaware, U.S.A. The Company is in compliance with the DGCL.

4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, stockholders may hold Shares either in certificated, uncertificated or street name form. The records are kept by the Company’s transfer agent, Broadridge Corporation (the “**Transfer Agent**”).

The Transfer Agent can be contacted through the web at www.shareholder.broadridge.com/expi, by telephone at +1 800-586-1585 or by mail at: P.O. Box 1342, Brentwood, NY 11717, U.S.A.

The Company’s designated Broker is currently Shareworks by Morgan Stanley. The address and telephone number of the Broker is:

222 S. Mill Avenue, Suite 424
Tempe, AZ 85281, U.S.A.
+1 (480) 308-8181

At the Broker, Participants are informed of the number of Shares purchased via a confirmation of share purchase (either online or sent via mail, whichever Participant elects) and also a quarterly account statement.

Commissions

There is no charge to Participants for the acquisition or holding of the Shares under the Program. Commissions related to the sale of Shares are described below.

As of the date of this prospectus, the commission charged by the Broker on sales of Shares acquired under the Program is \$0.03 per share, \$25.00 minimum.

In addition, the SEC imposes a fee on the transfer of shares at a rate determined by the SEC. This fee is paid to the SEC at the time of sale and is required for all equity trades.

Such commission and fee are subject to change at any time.

4.4 Currency of the Securities Issue

The United States Dollar is the currency of the securities issue. Participants assume the risk of any currency fluctuations at the time of (i) their contribution to the Program and (ii) the selling of their Shares.

4.5 Rights Attached to the Securities

The Company only issues one class of shares. No Participant will have any voting, dividend, or other stockholder rights with respect to any offering under the Program until the Shares have been purchased and delivered to Participant. Following such purchase and delivery, Participant will be entitled to the rights attached to the Shares, as further described below:

Dividend Rights. Holders of Shares are entitled to receive such dividends and other distributions (payable in cash, property, or capital stock of the Company) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Company legally available therefor, and share equally on a per Share basis in such dividends and distributions.

The Company has not paid cash dividends on its Shares in previous periods, including during the year ended December 31, 2020. Payment of cash dividends is at the discretion of the Board in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, the Company can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that the Company will pay any dividends to its common stockholders, or as to the amount of any such dividends. Further, any credit agreements that the Company may enter into may restrict or prohibit payment of dividends by the Company. The Company does not intend to pay any cash dividends on its Shares in the near future. A stockholder's entitlement to dividends will not lapse while that stockholder remains a registered stockholder of the Company. There are no dividend restrictions in place for stockholders and no special procedures for the payment of dividends to non U.S. resident stockholders.

Voting Rights. Holders of Shares are entitled to one vote per Share on each matter submitted to a vote of stockholders, including the election of directors. The Shares do not have cumulative voting rights.

Board of Directors Vacancies. Our Certificate and Bylaws authorize only the Board to fill vacant directorships, including newly created seats. In addition, the number of directors constituting the Board is only permitted to be set by a resolution adopted by a majority vote of the entire Board. These provisions prevent a stockholder from increasing the size of the Board and then gaining control of the Board by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of the Board and will promote continuity of management.

Special Meeting of Stockholders. Our Bylaws provide that special meetings of our stockholders may be called only by a majority of the Board, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Stockholder Action Outside of a Meeting. Our Bylaws provide that any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting and without prior notice by written consent, if such consent is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting. However, if at any time the Company is no longer a "controlled company" under the rules of NASDAQ, then any action required or permitted to be taken by the holders of the common stock of the Company must be taken at a duly called annual or special meeting of the stockholders and may no longer be effected by a written consent. As a result, if the Company ceases to be a controlled company under the rules of NASDAQ, a holder or holders controlling a majority of our capital stock would not be able to amend our Bylaws or remove directors without holding a meeting of our stockholders called in accordance with our Bylaws.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our Bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our Bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our Certificate does not provide for cumulative voting.

Removal of Directors. Any one or more or all of the directors may be removed, with or without cause, by the holders of at least a majority of the outstanding shares of capital stock then entitled to vote at an election of directors.

Exclusive Venue. Our Certificate provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for internal corporate claims, which would include derivative action or proceeding brought on our behalf; claims based on violations of duty by a current or former director or officer or stockholder in such capacity; and claims against us arising pursuant to the DGCL or our Certificate or Bylaws. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our Certificate to be inapplicable or unenforceable in such action.

Pursuant to Section 242 of the DGCL, after a corporation has received payment for any of its capital stock, it may amend its certificate of incorporation, from time to time, in any and as many respects as may be desired, so long as its certificate of incorporation as amended would contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation filed at the time of the filing of the amendment; and, if a change in stock or the rights of stockholders, or an exchange, reclassification, subdivision, combination or cancellation of stock or rights of stockholders is to be made, such provisions as may be necessary to effect such change, exchange, reclassification, subdivision, combination or cancellation. In particular, and without limitation upon such general power of amendment, a corporation may amend its certificate of incorporation, from time to time, so as:

- (1) To change its corporate name; or
- (2) To change, substitute, enlarge or diminish the nature of its business or its corporate powers and purposes; or
- (3) To increase or decrease its authorized capital stock or to reclassify the same, by changing the number, par value, designations, preferences, or relative, participating, optional, or other special rights of the shares, or the qualifications, limitations or restrictions of such rights, or by changing shares with par value into shares without par value, or shares without par value into shares with par value either with or without increasing or decreasing the number of shares, or by subdividing or combining the outstanding shares of any class or series of a class of shares into a greater or lesser number of outstanding shares; or
- (4) To cancel or otherwise affect the right of the holders of the shares of any class to receive dividends which have accrued but have not been declared; or
- (5) To create new classes of stock having rights and preferences either prior and superior or subordinate and inferior to the stock of any class then authorized, whether issued or unissued; or
- (6) To change the period of its duration; or
- (7) To delete:
 - a. Such provisions of the original certificate of incorporation which named the incorporator or incorporators, the initial board of directors and the original subscribers for shares; and
 - b. Such provisions contained in any amendment to the certificate of incorporation as were necessary to effect a change, exchange, reclassification, subdivision, combination or cancellation of stock, if such change, exchange, reclassification, subdivision, combination or cancellation has become effective.

Any or all such changes or alterations may be effected by one certificate of amendment.

In order to effectuate an amendment to the certificate of incorporation, the Board shall adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of the stockholders entitled to vote in respect thereof for the consideration of such amendment or directing that the amendment proposed be considered at the next annual meeting of the stockholders; provided, however, that unless otherwise expressly required by the certificate of incorporation, no meeting or vote of stockholders shall be required to adopt an amendment that effects only changes described in paragraph (1) or (7) above. Such special or annual meeting shall be called and held upon written notice given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. The notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the directors shall deem advisable. At the meeting, a vote of the stockholders entitled to vote thereon shall be taken for and against the proposed amendment. Notwithstanding the above, unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders or which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if consents setting forth the action so taken are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and are delivered to the corporation in the manner required by the DGCL, the certificate of incorporation and the bylaws; provided, however, that if at any time the Company ceases to be a “controlled company” under the rules of NASDAQ, then any action required or permitted to be taken by the holders of the common stock of the Company must be taken at a duly called annual or special meeting of the stockholders and may no longer be effected by a written consent. Subject to the foregoing, if a majority of the outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class has been voted in favor of the amendment, a certificate setting forth the amendment and certifying that such amendment has been duly adopted in accordance with Section 242 of the DGCL shall be executed, acknowledged and filed and shall become effective.

Right to Receive Liquidation Distributions. In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Company, after payment or provision for payment of the debts and other liabilities of the Company, holders of Shares will be entitled to receive all the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of Shares held by them.

No Preemptive, Redemptive or Conversion Provisions. The Shares are not entitled to preemptive rights and are not subject to conversion or redemption.

4.6 Transferability

The Shares in this offering under the Program are registered on a registration statement on Form S-8 with the SEC and are generally freely transferable.

The Program is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any Participant in the conduct of his or her own affairs. An eligible independent agent, therefore, may sell Shares purchased under the Program at any time he or she chooses, subject to compliance with the Company’s stock trading policy, applicable securities laws and the notice provisions mentioned in Section II above. PARTICIPANTS ASSUME THE RISK OF ANY CURRENCY AND / OR MARKET FLUCTUATIONS AT THE TIME OF (I) THEIR COMMISSION PAYMENT CONTRIBUTION TO THE PROGRAM AND (II) THE SELLING OF THEIR SHARES.

4.7 General Provisions Applying to Business Combinations

The Company is subject to Section 203 of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any “business combination” with an “interested stockholder” for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

- the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder prior to the time the interested stockholder attained that status;
- upon the closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least eighty-five (85%) of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder), those shares owned (i) by persons who are directors and also officers and (ii) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

With certain exceptions, an “interested stockholder” under Section 203 of the DGCL is a person or group who or which owns fifteen percent (15%) or more of the corporation’s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of fifteen percent (15%) or more of such voting stock at any time within the previous three (3) years.

In general, Section 203 of the DGCL defines a business combination to include:

- any merger or consolidation involving the corporation or any of its subsidiaries and the interested stockholder;
- any sale, transfer, pledge or other disposition of ten percent (10%) or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation or any of its subsidiaries to the interested stockholder;
- any transaction involving the corporation or any of its subsidiaries that has the effect of increasing the proportionate share of the stock or any class or series of the corporation or of any such subsidiary beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any of its subsidiaries.

A Delaware corporation, such as the Company, may “opt out” of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares. The Company has not “opted out” of this provision. Section 203 could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire the Company.

Section 253 of the DGCL authorizes the members of the board of directors of a Delaware corporation that owns ninety percent (90%) or more of each of the outstanding classes of stock of a subsidiary that are entitled to vote on a merger to merge the subsidiary into itself or to merge itself into the subsidiary without any requirement for action to be taken by the stockholders of the subsidiary, provided that if the parent corporation owns less than 100% of the subsidiary, the resolutions of the parent corporation's board of directors approving the merger shall state the terms and conditions of the merger, including the consideration to be paid for each share of the subsidiary not owned by the parent corporation.

Section 251(h) of the DGCL, subject to certain exceptions, permits parties entering into a merger agreement to eliminate the requirement for approval of the merger by the target corporation's stockholders if, following a tender or exchange offer, the acquirer has accumulated sufficient shares to approve the merger agreement (a majority unless the target corporation has adopted a higher vote requirement) but less than the 90% necessary to effect a merger under Section 253 of the DGCL. Section 251(h) of the DGCL applies only to target corporations that have a class or series of stock that is listed on a national securities exchange or held of record by more than 2,000 holders, such as the Company.

V. INFORMATION ON THE COMPANY

5.1 Business Overview

eXp World Holdings, Inc.'s principal offices are located at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A. Telephone number: +1 (360) 685-4206; website: <https://expworldholdings.com>, being specified that the information on the website does not form part of this prospectus unless that information is incorporated by reference into this prospectus. The Company is a corporation incorporated under the laws of the State of Delaware, U.S.A. The Company was incorporated on July 30, 2008 for a perpetual term. The Company's LEI is 549300TWVVC283VEC32.

Description of Business

The Company owns and operates a cloud-based real estate brokerage and a technology platform business that enables a variety of businesses to operate remotely. The Company currently operates businesses in the following categories and made the following changes in the most recent fiscal year:

Real Estate Brokerage - The Company launched eXp Realty in October 2009 with a small number of real estate agents in two states and ended the first quarter of 2021 with a team of 50,333 agents, operating with brokerages in all 50 states in the U.S.A., and in the United Kingdom (U.K.), Australia, most of the Canadian provinces, South Africa, Portugal, France, Germany, Spain, India, Mexico, Puerto Rico, Brazil, Italy, and Hong Kong. Except for certain employees who hold active real estate licenses, virtually all of the Company's real estate professionals are independent contractors. In November 2020, we launched eXp Commercial, LLC and its subsidiaries within the commercial real estate brokerage space in the U.S. The Company's commercial real estate brokerage operations are currently in a nascent state.

Technology Products and Services – In November 2018, the Company completed its asset acquisition of Virbela core group of products and services. The Company also launched eXp World Technologies, LLC, its innovation and technology division, which now holds the Virbela brand. Virbela continues to offer a modern, cloud-based environment focused on education and team development with clients in various industries from government to retail. The unique virtual collaborative work environment from Virbela provides service-based businesses with distinct advantages in managing costs, attracting talent, and scaling operations without the burden of “brick and mortar” office locations. This technology provides eXp Realty with a primary source of differentiation and competitive advantage. On July 31, 2020, the Company acquired the equity ownership interests in Showcase for cash consideration and promissory notes. Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by its independent agents and brokers, as well as continued services offerings to

third party clients of Showcase. In addition to servicing their current customer bases, the Company's technology products and services businesses are integral to the support, growth, and development of its real estate brokerage operations.

Title, Escrow, and Settlement Services – During the year ended December 31, 2019, the Company entered into an agreement with a third-party investment firm to form a joint venture to offer title, escrow and settlement services in the United States. The joint venture, Silverline Title & Escrow, LLC is 50% owned by eXp Silverline Ventures, LLC, an indirect subsidiary of eXp and 50% owned by the third-party business partner. Operations in this area are currently in a nascent state.

Mortgage Brokerage Services - During the year ended December 31, 2019, the Company made capital contributions in consideration for at least a minimum 50% ownership interest in First Cloud with the remaining ownership interest held by certain of our independent agents and brokers. First Cloud was organized for the purpose of managing IntroLend First Cloud an indirect wholly-owned subsidiary of the Company created to provide mortgage origination to end-consumers. The Company will always retain at least 50% of the outstanding equity ownership units in First Cloud. Operations in this area are currently in a nascent state.

Multimedia Personal Development Products and Services – On December 4, 2020, the Company acquired the equity ownership interests in Success and its related media properties, including *SUCCESS*® print magazine, SUCCESS.com, SUCCESS® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms for cash consideration. With the addition of Success, the Company intends to blend its technology and content to enhance the personal development platform for entrepreneurs and sales professionals.

Operating Segments

The Company primarily operates as a cloud-based real estate brokerage. The real estate brokerage business represents 99.3% and 99.9% of the total revenue of the Company for the three months ended March 31, 2021 and 2020, respectively. The real estate brokerage business represents 99.0% and 98.9% of the total assets of the Company as of March 31, 2021 and December 31, 2020, respectively.

The Company offers software subscriptions to customers to access its virtual reality software platform. Additionally, the Company offers professional services for implementation and consulting services. However, the operations and assets of the technology segment are not managed by the Company's chief operating decision-maker as a separate reportable segment.

Services provided through First Cloud and Silverline are in the emerging stages of development as contributing segments and are not material to the Company's total revenue, total net income (loss) or total assets as of March 31, 2021.

In 2020, the Company completed the Showcase Acquisition (defined below) and the Success Acquisition (defined below). These are considered technology and affiliated services to the business, respectively, and are not material to the Company's total revenue, total net income (loss), or total assets for the year ended and as of December 31, 2020.

The Company aggregates the identified operating segments for reporting purposes and has one reportable segment.

Government Regulation

We serve the residential real estate industry which is regulated by federal, state and local authorities as well as private associations or state sponsored associations or organizations. We are required to comply with federal, state, provincial, and local laws, as well as private governing bodies' regulations, which combined results in a highly-regulated industry.

We are also subject to federal, state, and provincial regulations relating to employment, contractor, and compensation practices. Except for certain employees who have an active real estate license, virtually all real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, like most brokerage firms, we are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation.

Real Estate Regulation - Federal

The RESPA requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process. RESPA also protects borrowers against certain abusive practices, such as kickbacks, and places limitations upon the use of escrow accounts. RESPA also requires detailed disclosures concerning the transfer, sale, or assignment of mortgage servicing, as well as disclosures for mortgage escrow accounts.

The Dodd-Frank Act moved authority to administer RESPA from the Department of Housing and Urban Development to the new Consumer Financial Protection Bureau (“CFPB”). The Dodd-Frank Act increased regulation of the mortgage industry, including but not limited to: (i) generally prohibiting lenders from making residential mortgage loans unless a good faith determination is made of a borrower’s creditworthiness based on verified and documented information; (ii) enacting regulations to help assure that consumers are provided with timely and understandable information about residential mortgage loans and to protect consumers against unfair, deceptive and abusive practices; and (iii) establishing minimum national underwriting guidelines for residential mortgages that lenders will be allowed to securitize without retaining any of the loans’ default risk. In February 2018, the CFPB released a five-year strategic plan indicating that the CFPB intends to continue to focus on protecting consumer rights while engaging in rulemaking to address unwarranted regulatory burdens. Under the current strategic plan, the CFPB would (i) provide “clear rules of the road” through rulemaking and amendments; (ii) foster a “culture of compliance” among businesses; (iii) engage in “vigorous enforcement”; and (iv) educate consumers to make the best financial decisions. Additionally, in a recent regulatory agenda, the CFPB indicated that it planned to review “inherited regulations” to ensure “outdated, unnecessary, or unduly burdensome regulations” are addressed and modernized. As a result, the regulatory framework of RESPA applicable to our business may be subject to change. In addition, federal fair housing laws generally make it illegal to discriminate against protected classes of individuals in housing or brokerage services. Other laws and regulations applicable to our business include (i) the Federal Truth in Lending Act of 1969; (ii) the Federal Equal Credit Opportunity; (iii) the Federal Fair Credit Reporting Act; (iv) the Fair Housing Act; (v) the Home Mortgage Disclosure Act; (vi) the Gramm-Leach-Bliley Act; (vii) the Consumer Financial Protection Act; (viii) the Fair and Accurate Credit Transactions Act; (ix) the Telephone Consumer Protection Act; and (x) state and federal laws pertaining to the privacy rights of consumers, which affects how we collect and use customer information, including solicitation of new clients.

Real Estate Regulation – State and Local Level

Real estate and brokerage licensing laws and requirements vary from state to state. In general, all individuals and entities lawfully conducting businesses as real estate brokers, agents or sales associates must be licensed in the state in which they carry on business and must at all times be in compliance.

Certain jurisdictions may require a person licensed as a real estate agent, broker, sales associate or salesperson, to be affiliated with a brokerage in order to engage in licensed real estate brokerage activities or allow the agent, broker, sales associate or salesperson to work for the public, another agent or broker, sales associate or salesperson conducting business on behalf of the brokerage, sponsoring agent, broker, sales associate or salesperson.

Engaging in the real estate brokerage business requires obtaining a real estate brokerage license. In order to obtain this license, jurisdictions require that a member or manager be licensed individually as a real

estate broker in that jurisdiction. This member or manager is responsible for supervising the licensees and the entity's real estate brokerage activities within the state.

Real estate licensees, whether they are brokers, salespersons, individuals, agents or entities, must follow the state's real estate licensing laws and regulations. These laws and regulations generally specify minimum duties and obligations of these licensees to their clients and the public, as well as standards for the conduct of business, including contract and disclosure requirements, record keeping requirements, requirements for local offices, escrow trust fund management, agency representation, advertising regulations and fair housing requirements.

In each of the states where we have operations, we assign appropriate personnel to manage and comply with applicable laws and regulations.

Most states have local regulations (city or county government) that govern the conduct of the real estate brokerage business. Local regulations generally require additional disclosures by the parties to a real estate transaction or their agents or brokers, or the receipt of reports or certifications, often from the local governmental authority, prior to the closing or settlement of a real estate transaction as well as prescribed review and approval periods for documentation and broker conditions for review and approval.

Third-Party Rules

Beyond federal, state and local governmental regulations, the real estate industry is subject to rules established by private real estate groups and/or trade organizations, including, among others, state and local Associations of REALTORS®, the National Association of Realtors®, and local Multiple Listing Services. "REALTOR" and "REALTORS" are registered trademarks of the National Association of REALTORS®.

Each third-party organization generally has prescribed policies, bylaws, codes of ethics or conduct, and fees and rules governing the actions of members in dealings with other members, clients and the public, as well as how the third-party organization's brand and services may or may not be deployed or displayed.

We assign appropriate personnel to manage and comply with third party organization policies and bylaws.

Environmental Regulation

The Company operates in a cloud-based model which gives us an insignificant physical geographical footprint. Due to this, we are not materially impacted by any environment regulation.

5.2 Organizational Structure

For a description of the Company's beneficial ownership, please refer to Section 11.2 below.

Subsidiaries

eXp is the parent company of the eXp group. The Company holds, directly or indirectly, the capital and voting rights of each of its subsidiaries listed below.

Name	Jurisdiction of Organization	Percentage of Ownership by the Company (%)
eXp Realty Holdings, Inc.	Washington, U.S.A.	100%
eXp Realty Associates, LLC	Georgia, U.S.A.	100%
eXp Realty, LLC	Washington, U.S.A.	100%
eXp Realty of California, Inc.	Washington, U.S.A.	100%
eXp Realty of Canada, Inc.	Canada	100%

Name	Jurisdiction of Organization	Percentage of Ownership by the Company (%)
eXp Realty of Connecticut, LLC	Connecticut, U.S.A.	100%
eXp Realty North, LLC	North Dakota, U.S.A.	100%
First Cloud Mortgage, Inc.	Delaware, U.S.A.	100%
Opportunity Garden, Inc.	Delaware, U.S.A.	100%
eXp Silverline Ventures, LLC	Delaware, U.S.A.	100%
eXp Referral Associates, LLC	Delaware, U.S.A.	100%
eXp Referral Associates of Connecticut, LLC	Connecticut, U.S.A.	100%
eXp Referral Associates of California, Inc.	Delaware, U.S.A.	100%
eXp International Holdings, Inc.	Delaware, U.S.A.	100%
eXp World Technologies, LLC	Delaware, U.S.A.	100%
eXp World UK Limited	United Kingdom	100%
eXp Australia Pty. Ltd.	Australia	100%
Grupo eXp Realtors Mexico, S. DE R.L. DE CV	Mexico	100%
eXp Global France	France	100%
eXp Global Portugal, LDA	Portugal	100%
eXp Realty South Africa	South Africa	100%
eXp Global India	India	100%
eXp Italia S.r.l.	Italy	100%
eXp Puerto Rico, Inc.	Puerto Rico	100%
eXp Hong Kong Limited	Hong Kong	100%
eXp Brasil Consultoria Imobiliaria LTDA	Brazil	100%
First Cloud Investment Group, LLC	Nevada, U.S.A.	50%
IntroLend First Cloud, LLC	Delaware, U.S.A.	50%
SilverLine Title & Escrow, LLC	Florida, U.S.A.	50%
Showcase Web Sites, L.L.C.	Georgia, U.S.A.	100%
eXp Commercial, LLC	Delaware, U.S.A.	100%
eXp Commercial of Connecticut, LLC	Connecticut, U.S.A.	100%
eXp Commercial of California, Inc.	Delaware, U.S.A.	100%
eXp Commercial of Canada, Inc.	Canada	100%
Success World Holdings, LLC	Delaware, U.S.A.	100%
Success Enterprises LLC	Delaware, U.S.A.	100%
Success Franchising, LLC	Delaware, U.S.A.	100%
Extend A Hand Fund	Delaware, U.S.A.	100%
eXp Realty España, S.L.	Spain	100%
eXp Realty Israel Ltd.	Israel	100%
eXp Colombia S.A.S.	Colombia	100%
eXp Puerto Rico Partnership, S. EN C.	Puerto Rico	99%

Joint Ventures and Variable Interest Entity

The Company has investments in a joint venture, Silverline Title & Escrow, LLC (“**Silverline**”), which operates and manages a title agency that performs, among other functions, core title agent services (for which liabilities arise), including the evaluation of searches to determine the insurability of title, the clearance of underwriting objections, the actual issuance of policies on behalf of insurance companies, and, where customary, the issuance of title commitments and the conducting of title searches. The Company owns a 50% ownership interest in Silverline with the remaining ownership interest held by a third-party investment company. The Company recognizes its share of income and expenses and equity movement in the venture in proportion to its percentage of ownership.

As of December 31, 2020, Silverline's operations are not material to the Company's financial position or results of operations.

In 2019, the Company made capital contributions in consideration for an ownership interest in First Cloud, a Nevada limited liability company providing mortgage origination for end-consumers, with the remaining ownership interests held by certain independent agents and brokers. Under the terms of the operating agreement, the Company maintains at least a 50% equity ownership interest in First Cloud.

The Company determined that First Cloud is a variable interest entity ("**VIE**"), as the Company is the primary beneficiary that has both the power to direct the activities that most significantly impact the VIE and a variable interest that potentially could be significant to the VIE. The Company treats the interest in First Cloud that it does not own as a noncontrolling interest. The noncontrolling interest balance is adjusted each period to reflect the allocation of net income (loss) and other comprehensive income (loss) attributable to the noncontrolling interest, as shown in the consolidated statements of comprehensive income (loss). The noncontrolling interest balance in the consolidated balance sheets represents the proportional share of the equity of the joint venture entity, which is attributable to the noncontrolling shareholders.

As of December 31, 2020, First Cloud's operations are not material to the Company's financial position or results of operations.

5.3 Property, Plant and Equipment, Net

The Company's property, plant and equipment, net consisted of the following:

(in thousands)	March 31, 2021	December 31, 2020
Computer hardware and software	\$ 15,431	\$ 13,828
Furniture, fixture and equipment	20	20
Total depreciable property and equipment	15,451	13,848
Less: accumulated depreciation	(7,749)	(6,738)
Depreciable property, net	7,702	7,110
Assets under development	1,340	738
Property, plant and equipment, net	\$ 9,042	\$ 7,848

For the three months ended March 31, 2021 and 2020, depreciation expense was \$1,007 and \$757, respectively.

VI. SELECTED FINANCIAL INFORMATION

6.1 Selected Financial Data

The selected consolidated financial data of the Company set out in this prospectus have been prepared in accordance with U.S. GAAP. The following consolidated statements of comprehensive income (loss) and the consolidated balance sheets data of the Company for the fiscal years ended December 31, 2020, 2019 and 2018 are derived in part from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited consolidated financial statements and notes thereto appearing respectively on pages 21 – 32 and 34 – 60 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 11, 2021 (the "**Company's Form 10-K**"). The selected consolidated balance sheet data as of December 31, 2018, are derived from the Company's audited consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on March 12, 2020, which is available, free of charge, on the website of the SEC. The following selected condensed consolidated statements of comprehensive income (loss) for the quarterly periods ended March 31, 2021 and 2020 and the condensed consolidated balance sheets data of the Company as of March 31, 2021 and December 31, 2020, are derived from the Company's unaudited condensed

consolidated financial statements contained on pages 4 – 14 of Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021, filed with the SEC on May 6, 2021 (the "Company's Form 10-Q").

SELECTED THREE-YEAR FINANCIAL DATA
(In thousands, except share amounts) (audited)

	Year Ended December 31,		
	2020	2019	2018
Consolidated Statements of Comprehensive Income (loss):			
Revenues	\$ 1,798,285	\$ 979,937	\$ 500,148
Total operating expenses	1,766,698	988,716	522,532
Operating income (loss)	31,587	(8,779)	(22,384)
Total other expense (income), net	184	281	(32)
Income tax expense	413	497	78
Net income (loss)	30,990	(9,557)	(22,430)
Net loss attributable to noncontrolling interest	141	29	-
Net income (loss) attributable to eXp World Holdings, Inc.	31,131	(9,528)	(22,430)
Earnings (loss) per share (a)			
Basic	0.22	(0.08)	(0.19)
Diluted	0.21	(0.08)	(0.19)
Weighted average shares outstanding (a)			
Basic	138,572,358	126,256,407	115,379,840
Diluted	151,550,075	126,256,407	115,379,840
Consolidated Balance Sheets Data:			
	As of December 31,		
	2020	2019	2018
Cash and cash equivalents	100,143	40,087	20,538
Total assets	242,187	96,452	55,846
Total liabilities	99,600	44,324	25,866
Equity	142,587	52,128	29,980
Consolidated Statements of Cash Flows:			
	Year Ended December 31,		
	2020	2019	2018
Net cash provided by operating activities	119,659	55,186	24,311
Net cash (used) in investing activities	(16,963)	(6,690)	(8,859)
Net cash provided by (used in) financing activities	(21,893)	(24,569)	2,015
Cash, cash equivalents and restricted cash, end of year	\$ 127,924	\$ 47,074	\$ 23,041

(a) All applicable period amounts have been adjusted to reflect the Stock Split.

SELECTED QUARTERLY FINANCIAL DATA
(In thousands, except share amounts) (unaudited)

	Three months ended March 31,	
	2021	2020
Condensed Consolidated Statements of Comprehensive Income (loss):		
Revenues	\$ 583,833	\$ 271,421
Total operating expenses	578,904	271,210
Operating income	4,929	211
Net income	4,846	141
Earnings per share		
Basic	\$ 0.03	\$ 0.00
Diluted	\$ 0.03	\$ 0.00
Weighted average shares outstanding (a)		
Basic	144,354,991	133,241,235
Diluted	158,722,126	144,647,818

	As of	
	March 31, 2021	December 31, 2020 (audited)
Condensed Consolidated Balance Sheets Data:		
Cash and cash equivalents	\$ 104,392	\$ 100,143
Total assets	297,602	242,187
Total liabilities	153,989	99,600
Equity	143,613	142,587
Condensed Consolidated Statements of Cash Flows:		
	Three months ended March 31, 2021	2020
Net cash provided by operating activities	\$ 78,919	\$ 17,489
Net cash (used in) investing activities	(3,757)	(1,355)
Net cash (used in) financing activities	(32,636)	(8,390)
Cash, cash equivalents and restricted cash, ending balance	170,497	54,108

There has been no material change to the Company's financial position since March 31, 2021 (the date to which the latest financial information of the Company was prepared).

6.2 Independent Registered Public Accounting Firm

Since 2019, the independent registered public accounting firm of the Company is Deloitte & Touche LLP, San Francisco, California, U.S.A. Deloitte & Touche LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants.

In 2018, the independent registered public accounting firm of the Company was BDO USA, LLP, Salt Lake City, Utah, U.S.A. BDO U.S.A., LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants.

BDO U.S.A., LLP was engaged as the Company's independent registered public accounting firm on February 3, 2017. At the Annual Meeting of the stockholders of the Company held on June 5, 2019, the Company appointed, Deloitte & Touche LLP to serve as independent auditors. The Company considered a number of factors in determining whether to engage Deloitte & Touche LLP as the Company's independent registered public accounting firm, the firm's professional qualifications and resources, the firm's commitment to performance, and the firm's capabilities in handling the breadth and complexity of the Company's business, as well as the potential impact of changing independent auditors. During the period of BDO U.S.A., LLP's engagement, there were no disagreements with BDO U.S.A., LLP.

VII. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS AS OF MARCH 31, 2021

The following tables set forth the Company's capitalization and indebtedness as of March 31, 2021 and the Company's statement of indebtedness as of March 31, 2021, in accordance with paragraphs 166 and 175 of the Guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities and Markets Authority (ESMA 32-382-1138 dated March 4, 2021).

7.1 Capitalization and Indebtedness (in thousands - unaudited)

Total current debt (including current portion of non-current debt)	\$ 1,277
- Guaranteed	—
- Secured	\$ 361
- Unguaranteed / Unsecured	\$ 916
Total non-current debt (excluding current portion of non-current debt)	\$ 2,096

- Guaranteed	—
- Secured	\$ 370
- Unguaranteed / Unsecured	\$ 1,726
Stockholders' equity	
a. Share capital and additional paid-in capital	\$ 248,635
b. Legal reserve	—
c. Total other reserves	\$ (106,025)
- Treasury stock, at cost: 3,035,404 shares held at March 31, 2021	\$ (72,003)
- Accumulated deficit	\$ (34,316)
- Accumulated other comprehensive income	\$ 294
Total equity	\$ 143,613
- Total eXp World Holdings, Inc. stockholders' equity	\$ 142,610
- Equity attributable to non-controlling interests	\$ 1,003

There has been no material change to the Company's capitalization and indebtedness since March 31, 2021 (the date to which the latest financial information of the Company was prepared).

7.2 Statement of Indebtedness (in thousands - unaudited)

A. Cash	\$ 51,010
B. Cash equivalents	\$ 53,382
C. Other current financial assets	—
D. Liquidity (A + B + C)	\$ 104,392
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	361
F. Current portion of non-current financial debt	\$ 916
G. Current financial indebtedness (E + F)	\$ 1,277
H. Net current financial indebtedness (G - D)	\$ (103,115)
I. Non-current financial debt (excluding current portion and debt instruments)	\$ 1,726
J. Debt instruments	—
K. Non-current trade and other payables	\$ 370
L. Non-current financial indebtedness (I + J + K)	\$ 2,096
M. Total financial indebtedness (H + L)	\$ (101,019)

As of March 31, 2021, the Company also had restricted cash of \$66,105,000. Restricted cash consists of cash held in escrow by the Company on behalf of real estate buyers. The Company recognizes a corresponding customer deposit liability until the funds are released. Once the cash transfers from escrow, the Company reduces the respective customers' deposit liability.

7.3 Indirect and Contingent Indebtedness

Leases

The Company's lease portfolio consists of office leases with lease terms ranging from less than one year to seven years, with the weighted average lease term being three years.

Certain leases provide for increases in future lease payments once the term of the lease has expired, as defined in the lease agreements. These leases generally also include real estate taxes.

Short term leases, having a lease term at commencement of 12 months or less, are not capitalized and the expenses are recognized in the period incurred.

Included below is other information regarding leases for the periods presented:

	Three Months Ended March 31,	
	2021	2020
Other information		
Operating lease expense	\$ 96	\$ 117
Short-term lease expense	96	5
Cash paid for operating leases	16	117
Weighted-average remaining lease term (years) – operating leases ⁽¹⁾	3.8	4
Weighted-average discount rate – operating leases	4.481%	4.850%

(1) The Company's lease terms include options to extend the lease when it is reasonably certain the Company will exercise its option. Additionally, the Company considered any historical and economic factors in determining if a lease renewal or termination option would be exercised.

As of March 31, 2021, expirations of lease obligations by fiscal year were as follows:

Period Ending December 31,	
Remaining 2021	\$ 274
2022	320
2023	165
2024	5
2025	5
2026 and thereafter	1
Total lease payments	770
Less: interest	(39)
Total operating lease liabilities	\$ 731

Commitments and Contingencies

From time to time, the Company is subject to potential liability under laws and government regulations and various claims and legal actions that may be asserted against us that could have a material adverse effect on the business, reputation, results of operations or financial condition. Such litigation may include, but is not limited to, actions or claims relating to sensitive data, including proprietary business information and intellectual property and that of clients and personally identifiable information of employees and contractors, cyber-attacks, data breaches and non-compliance with contractual or other legal obligations.

There are no matters pending or, to the Company's knowledge, threatened that are expected to have a material adverse impact on the business, reputation, results of operations, or financial condition.

There are no proceedings in which any of the Company's directors, officers or affiliates, or any registered or beneficial stockholder is an adverse party or has a material interest adverse to the Company's interest.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or, to the Company's knowledge, threatened), that may have or have had, in the twelve (12) months before the date of this prospectus, significant effects on the Company's financial position or profitability.

VIII. WORKING CAPITAL STATEMENT

As of the date of this prospectus, the Company believes that its existing balances of cash and cash equivalents and cash flows expected to be generated from the Company's operations will be sufficient to satisfy its operating requirements for at least the next twelve months.

IX. MAXIMUM DILUTION AND NET PROCEEDS**9.1 Maximum Dilution**

Assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares that may be issued pursuant to the Program (i.e., 22,948,161), the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of April 23, 2021, i.e., 1,447,774 Shares, and who is not an eligible independent agent participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the issuance of Shares under the Program (as of April 23, 2021)	1.00%	144,777,364
After issuance of 22,948,161 Shares under the Program	0.863%	167,725,525

Assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares that may be issued pursuant to the Program (i.e., 22,948,161), and based on consolidated equity as of March 31, 2021 and the total number of Shares outstanding as of April 23, 2021, the impact of the issuance of the Shares issuable under the Program on the consolidated equity per outstanding Share of a stockholder of the Company who is not an eligible independent agent participating in the offer, would be as indicated in the following table:

	Consolidated equity per outstanding Shares
Before the issuance of Shares under the Program	\$0.99
After issuance of 22,948,161 Shares under the Program ⁽¹⁾	\$4.32

(1) Based on a Share price of \$25.326 (90% of a hypothetical Share price of \$28.14 which was the closing price of the Shares on May 19, 2021).

9.2 Net Proceeds

Hypothetically, assuming that all 22,948,161 Shares remaining available for issuance under the Program pursuant to this prospectus would be purchased by the independent agents participating in the Program, and taking into account a Share price of \$25.326 (90% of a hypothetical Share price of \$28.14 which was the closing price of the Shares on May 19, 2021), then the gross proceeds of the Company in connection with the offer under the Program pursuant to this prospectus would be \$581,185,125. After deducting approximately \$230,000 in legal and accounting expenses in connection with the offer, the net proceeds would be \$580,955,125.

However, in reality, the Company does not expect to issue all the Shares it is authorized to issue under the Program. The net proceeds from the issuance of Shares over the life of the Program will depend on the level of independent agents participation and the exercise of the Committee's discretion in granting awards.

The net proceeds will be used for general corporate purposes.

X. DIRECTORS AND EXECUTIVE OFFICERS

10.1 Directors and Executive Officers

The following individuals serve as directors and executive officers of the Company. All directors of the Company hold office until the next annual meeting of our stockholders or until their successors have been elected and qualified. The executive officers of the Company are appointed by the Board and hold office until their resignation or removal from office.

Name	Position	Age	Date First Elected or Appointed
Board of Directors			
Glenn Sanford	Chairman, Chief Executive Officer, and Director	54	March 12, 2013
Darren Jacklin	Director	48	May 22, 2014
Jason Gesing	Chief Executive Officer, eXp Realty, and Director	47	September 27, 2014
Eugene Frederick	Director	65	April 7, 2016
Randall Miles	Director	65	July 20, 2016
Dan Cahir	Director	38	November 29, 2018
Felicia Gentry	Director	52	May 28, 2020
Executive Officers			
Glenn Sanford	Chairman, Chief Executive Officer and Director	54	March 12, 2013
Jeff Whiteside	Chief Financial Officer and Chief Collaboration Officer	58	November 1, 2018
Jason Gesing	Chief Executive Officer eXp Realty, and Director	47	September 27, 2014
Stacy Onnen	President, U.S. Brokerage Operations, eXp Realty	50	March 1, 2018
David Conord	President, U.S. Growth, eXp Realty	46	December 5, 2018
James Bramble	Chief Legal Officer	51	March 18, 2019
John Tobison	Chief Information Officer	65	August 12, 2019
Michael Valdes	President, eXp Global	54	May 4, 2020
Courtney Chakarun	Chief Marketing Officer	44	June 15, 2020

The following is a brief description of the business experience and education of each director and executive officer during at least the past five years, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Business Experience - Board of Directors

Glenn Sanford has served as our Chief Executive Officer and Director since March 13, 2013. Since 2002, Mr. Sanford has been actively involved in the residential real estate space. In early 2007, Mr. Sanford launched BuyerTours Realty, LLC and grew the Company to three offices and into two states. After the decline in the real estate market in 2008, Mr. Sanford and his executive team rewrote the entire business model to reduce costs and provide consumers with more information and access. In October 2009, Glenn Sanford founded and launched eXp Realty, LLC as the first truly cloud-based national real estate brokerage which meant giving up the traditional brick and mortar environment and moving to a fully-immersive 3D virtual office environment where agents, brokers and staff collaborate across borders while learning and

transacting business from anywhere in the world. Since that time, eXp Realty has quickly grown throughout the United States, Canada, Australia, the U.K, South Africa, France, Mexico, Portugal, and Italy, with a number of additional countries recently announced.

Prior to BuyerTours Realty, Mr. Sanford ran a large mega-agent team and consulted to Keller Williams International as a member of the Agent Technology Council in the areas of online client acquisition, client conversion and technology. Mr. Sanford was also a significant contributor to Keller Williams Internet Lead Generation Masterminds. Prior to real estate, Mr. Sanford was active at the executive level with a number of technology-related companies. In 1998, Mr. Sanford founded and served as President for eShippers.com, an online e-commerce and logistics company.

The Board believes that Mr. Sanford is qualified to serve on the Board because of his business and management experience.

Darren Jacklin has served as an independent director of the Company since May 22, 2014. For over 25 years, Mr. Jacklin has worked as a consultant with the Darren Jacklin Group of Companies Inc. and has traveled four continents and over 48 countries mentoring entrepreneurs and business owners on specific and measurable strategies designed to increase their income, transform their obstacles into cash flow and turn their passion into profits. Since January 2017, Mr. Jacklin has also served as the Managing Director of Grandeur Capital Corp., Darren Jacklin Group of Companies and BC 166370. In 2019, Mr. Jacklin also co-founded LY2NK Foundation, a private family foundation for global philanthropy.

His ability to identify potential investment and growth opportunities has been recognized by Tiger 21, The Wall Street Journal, Yahoo Finance, NBC TV, CBS TV, Global TV international radio stations, magazines and newspapers, movie producers, best-selling authors, Chief Executive Officer's and business experts worldwide.

Darren Jacklin currently sits on paid international boards of directors of OrbVest Ltd. And ReachOut IT. Mr. Jacklin has consulted with over 150 Fortune 500 companies such as Microsoft, AT&T, Black & Decker, Barclays Bank, as well as high school, college, university students and professional athletes and has connected with people in more than 126 countries.

We believe Mr. Jacklin is qualified to serve on the Board because of his business experience and venture capital background.

Jason Gesing joined the Company in March 2010 and was appointed Chief Business Development Officer in September 2012, a position he held until June 2014. From June 2014 through September 2016, Mr. Gesing served as the Corporation's President. From September 2016 through August 2018, Mr. Gesing served as Chief Executive Officer of our Real Estate Brokerage Division. Mr. Gesing reassumed the role of Chief Executive Officer of our Real Estate Brokerage Division in October 2019 and currently serves in that role. With over 15 years of experience in real estate in various capacities, Mr. Gesing holds a broker's license in Massachusetts.

Mr. Gesing was an attorney with Murphy, Hesse, Toomey & Lehane, LLP in Boston, MA from 2002 to 2010. In his capacity as a lawyer, he obtained a broad base of experience in corporate, municipal, real estate, compliance, health care, construction, litigation, and administrative law, and advising clients on day to day issues and managing crises. He has acted in a variety of roles and undertaken a variety of matters including: corporate counsel; municipal counsel; hospital counsel; leasing, licensing and contract negotiation; governance and compliance; appearances before administrative hearing officers and state judges; defense of management in unfair labor practice charges; collective bargaining; internal investigations; and, owner representative in construction matters.

Mr. Gesing obtained a Bachelor of Arts (Magna Cum Laude) in 1996 from Syracuse University, and a Juris Doctor in 2002 from Boston College Law School. He is licensed to practice law in Massachusetts and New Hampshire.

The Board believes that Mr. Gesing is qualified to serve on the Board because of his business and legal experience.

Eugene Frederick has served as a director of the Company since April 2016 and joined the Company as an agent in April 2015. For over a decade prior to joining the Company, Mr. Frederick served in various management capacities at Keller Williams Realty. Mr. Frederick spent much of this time recruiting other top-producing real estate agents in the states of Virginia and Texas. Prior to joining the Keller Williams management team in the mid-nineties, Mr. Frederick was one of the top-producing real estate agents in the State of Texas beginning in the late eighties. Earlier in his career, in the mid-eighties, Mr. Frederick served as Controller for Texas Instruments before leaving the corporate world for real estate.

The Board believes that Mr. Frederick is qualified to serve on the Board because of his extensive experience in residential real estate and his leadership ability, particularly in managing growth.

Randall Miles has served as an independent director of the Company since July 2016 and was appointed Vice-Chairman on January 20, 2018. For over 25 years Mr. Miles has held senior leadership positions in global financial services, financial technology and investment banking companies. His extensive investment banking background at bulge bracket, regional and boutique firms advising financial services companies on strategic and capital structure needs has crossed many disciplines. Mr. Miles' transactional and advisory experience is complemented by leadership roles at public and private equity backed financial technology, specialty finance and software companies that have included Chairman and Chief Executive Officer at LIONMTS where he was nominated for the Ernst & Young Entrepreneur of the Year award, Chief Executive Officer at Syngence Corporation, COO of AtlasBanc Holdings Corp. and Chief Executive Officer of Advantage Funding / NAFCO Holdings.

Mr. Miles is Managing Partner at SCM Capital Group, a global strategic and capital structure advisory firm, where he has served since in 2003. Mr. Miles also serves as head of investment banking for Tigress Financial Partners LLC. Previously, he served as a Managing Director at Riparian Partners, a division of Oppenheimer & Co., Inc. as Senior Managing Director, Head of FIG and COO, Investment Banking at Cantor Fitzgerald & Co. Mr. Miles has held senior leadership roles at Oppenheimer & Co., D.A. Davidson and & Co., The First Boston Corporation (Credit Suisse) Meridian Capital and Greenwich Capital Markets. Mr. Miles has broad public, private and nonprofit board experience and has been active for many years in leadership roles with the Make-A-Wish Foundation. He presently serves on the boards of Kuity, Corp., Posiba, Inc., Arthur H. Thomas Company as Vice Chairman, Chairman, and Vice Chairman respectively.

Mr. Miles holds a BBA from the University of Washington and holds FINRA licenses Series 7, 24, 63 and 79.

The Board believes that Mr. Miles is well qualified to serve on the Board because of his extensive background in investment banking and financial services.

Dan Cahir has served as an independent director of the Company since November 29, 2018. Mr. Cahir has more than 10 years of experience managing public and private equity investments across a variety of industries. Currently, Mr. Cahir serves as the Chief Executive Officer and Chief Investment Officer of Sapling Capital, LLC, positions he has held at Sapling Capital, LLC and its related entities since June 2018.

From June 2013 to June 2018, Mr. Cahir served as a portfolio manager at Long Light Capital, managing a public equity portfolio and evaluating venture capital and private equity investments and allocations to external fund managers. From September 2011 to April 2013, Mr. Cahir was a member of the investment team at Ziff Brothers Investments, a private investment firm. From August 2007 to September 2009, Mr. Cahir was a member of the investment team at Madrone Capital Partners where he led the analysis on venture capital, private equity and public equity investments.

Mr. Cahir began his career in September 2005 with Bain & Co., where he advised Fortune 500 and private equity clients on M&A, growth and efficiency initiatives until June 2007.

Mr. Cahir completed his studies and earned his Bachelor of Arts Degree in Economics in 2005, graduating with the summa cum laude distinction from Claremont McKenna College and completed his studies and earned a Master of Business Administration from Harvard Business School in 2011.

The Board believes that Mr. Cahir is qualified to serve on the Board because of his extensive experience in managing equity portfolios and well as advising Fortune 500 clients on M&A, growth and cost-cutting strategies.

Felicia Gentry was elected a director of the Company on May 28, 2020 and joined the Company as an agent in May 2017. Ms. Gentry is the co-chair and one of the original founders of ONE eXp, eXp Realty's initiative for diversity and inclusion. Ms. Gentry has more than 15 years of experience in the real estate industry, including being named a top local agent in her first year. Ms. Gentry has also founded several business in the rehab, fitness and sports training industries since 2004.

Ms. Gentry completed her studies and earned her Bachelor of Science Degree in Psychology from Virginia Commonwealth University in 1991 and completed her studies and earned a Master of Business Administration from Our Lady of the Lake University in 2000 where she focused on entrepreneurship and marketing.

The Board believes that Ms. Gentry is qualified to serve on the Board because of her experience in residential real estate and her leadership ability.

Business Experience - Executive Officers

Glenn Sanford's biography can be found above under *"Business Experience - Board of Directors."*

Jeff Whiteside joined the Company as its Chief Financial Officer and Chief Collaboration Officer on November 1, 2018. Mr. Whiteside works closely with Mr. Sanford, our Chief Executive Officer, across the Company and the teams in eXp Realty, finance, technology, marketing, legal, human resources, new business development, M&A, international markets, investor relations, and Virbela. Mr. Whiteside has more than 30 years of experience in global finance and operational leadership including executive positions at General Electric, Pitney Bowes, and RM Sotheby's Auctions. Additionally, Mr. Whiteside held the positions of Chief Financial Officer and Chief Operating Officer at three software and technology companies. Mr. Whiteside has extensive international experience from living and working in Asia, Australia, Europe, and Canada.

Recently, Mr. Whiteside founded and served as the Auction Director at Saratoga Auto Museum from November 2016 through October 2018, Chief Operating Officer of Saratoga Juice Bar, LLC from January 2015 through November 2016, Chief Operating Officer and Chief Financial Officer at RM Sotheby's Auctions in 2014 and 2015, and Vice President and Group Financial Officer at Pitney Bowes from 2008 through 2013.

Mr. Whiteside is a graduate of Rensselaer Polytechnic Institute, obtaining both his B.S. (with an emphasis in Managerial Economics) and M.B.A. in 1986.

Jason Gesing's biography can be found above under *"Business Experience - Board of Directors."*

Stacey Onnen joined the Company on March 1, 2018. As President of U.S. Brokerage Operations, eXp Realty, Ms. Onnen is responsible for U.S. brokerage operations, including compliance, risk management and state license laws. Ms. Onnen has more than 23 years of real estate industry experience, and also is a professional speaker, trainer and certified continuing education instructor. Beginning in 2015 and until March 2018, Ms. Onnen was a designated broker and regional manager at Realty ONE Group, a national real estate brokerage, overseeing more than 2,500 agents. Ms. Onnen also has experience as an associate broker at Keller Williams Check Realty and as the owner and operator of Arizona Heartland Realty.

David Conord joined the Company on December 5, 2018. As Co-President of eXp Realty, Mr. Conord leads the U.S. growth and onboarding teams. Mr. Conord has more than 21 years of experience in the real estate industry. Beginning in 2014 and through September 2018, Mr. Conord served as VP, Professional & Leadership Development for Long & Foster Companies, where Mr. Conord built a professional and leadership training department to serve over 10,000 agents and 300 sales managers. Beginning in 2002, Mr. Conord was an owner/partner of multiple Keller Williams Realty market centers throughout the Mid-Atlantic and led the company's 2nd largest region to No. 1 in the company for growth within three years. He also was one of the top recruiters at the company for nine years.

Mr. Conord is a graduate of University of Maryland where he obtained his B.A. (majoring in International Business).

James Bramble joined the Company as its Chief Legal Counsel and General Counsel on March 18, 2019. Mr. Bramble was appointed as the Company's Corporate Secretary on October 1, 2019. As Chief Legal Counsel, Mr. Bramble oversees the company's legal affairs, including corporate governance, litigation and compliance. Mr. Bramble has over 20 years of international business experience and has transformed the Company's legal and compliance functions to empower an agent-centric, globally-scaled organization. Mr. Bramble is an active member of the Association of Corporate Counsel (ACC) and is a licensed real estate agent. Mr. Bramble champions eXtend a Hand, the Company's charitable foundation and leverages his expertise in service of his community and on non-profit and private company boards.

Recently, Mr. Bramble served as Chief Legal Officer, General Counsel and Corporate Secretary at USANA from February 1998 until 2018. Currently, Mr. Bramble serves as a member of the board of directors and as corporate secretary of Vasayo, LLC.

Mr. Bramble is a graduate of University of Utah where he obtained his B.S. (majoring in Political Science) and J.D.

John Tobison joined the Company as its Chief Information Officer on August 12, 2019. As Chief Information Officer, Mr. Tobison leads software engineering, product management, IT, product launch, project management, data services and innovation for the Company and its subsidiaries. Mr. Tobison brings more than 30 years of experience in business and IT management, helping companies scale products, business processes and staff capabilities for rapid growth. Recently, Mr. Tobison founded and served as the member and principal at Tobison Consulting, LLC from June 2016 through August 2019. Previously, Mr. Tobison was a key member of the executive leadership teams that grew three successful technology companies from early stage to market leaders. As Chief Operating Officer of OutMatch HCM from April 2014 through June 2016, Mr. Tobison led the development of two new software products, helped significantly grow the company through a private equity-funded acquisition of a larger company and developed a new technology road map for the merged company. Before that, Mr. Tobison was the Chief Information Officer of CommerceHub, where he re-engineered customer implementation and scaled up IT operations in a high-availability 24x7x365-transaction-processing environment, and of MapInfo Corporation, where he ran international IT operations and was part of the management team that took the company public.

Mr. Tobison is a graduate of University of Albany, SUNY, where he obtained both his B.S. (with a double major in Biology and Philosophy) and M.B.A.

Michael Valdes joined the Company on May 5, 2020 and served as our Executive Vice President of International Expansion until September 2020 when Mr. Valdes became our President of eXp Global. Mr. Valdes brings more than 25 years of expertise in global real estate and finance to eXp Realty. From November 2018 to May 2020, Mr. Valdes was Senior Vice President of Global Servicing for all Realogy Corporation brands, including Better Homes & Gardens, Century 21, Coldwell Banker, Corcoran, ERA and Sotheby's International Realty. In his role, Mr. Valdes oversaw the international servicing platform for all Realogy brands across more than 100 countries and opened more than 70 countries during his tenure. Prior to that, Mr. Valdes was Global Vice President of Sotheby's International Realty from December 2014 until May 2020.

Courtney Chakarun joined the Company as our Chief Marketing Officer on June 15, 2020. Ms. Chakarun is responsible for rebranding and amplifying the Company's brands and overseeing all areas of marketing, including driving digital strategy for growth and enhancing the Company's value proposition for agents and brokers. Ms. Chakarun has over two decades of marketing and innovation experience and has held various leadership roles at Roostify, CoreLogic and General Electric.

From November 2018 until May 2020, Ms. Chakarun served as the CMO at Roostify, a digital lending platform that historically processed nearly \$35 billion a month in home loans. From December 2016 until November 2018, Ms. Chakarun led marketing and innovation at CoreLogic, a property data company, in her role as Executive, Marketing and Innovation Solutions. Previously, Ms. Chakarun spent 15 years at General Electric, namely as VP, New Products for GE Capital Retail Finance in the U.S. and internationally.

Ms. Chakarun is a graduate of University of Arkansas where she obtained both her BSBA in Marketing Management and MBA.

There are no family relationships between any of the executive officers and directors listed above.

10.2 Fraudulent Offences and Bankruptcy, Etc.

For at least the previous five years, none of the directors or executive officers of the Company has:

- (a) been convicted in relation to fraudulent offenses;
- (b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of the Company; or
- (c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

10.3 Executive Compensation

The particulars of the compensation paid to our principal executive and principal financial officers; our president; and certain other officers, all of whom will collectively refer to as the "named executive officers" ("NEOs") of the Company are set out in the following summary compensation table:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Glenn Sanford	2020	656,480	117,677	-0-	14,529,614	655,490 ⁽⁴⁾	15,959,261
Chief Executive Officer and Chairman of the Board	2019	72,000	-0-	-0-	-0-	1,297,405	1,369,405
	2018	58,875	-0-	-0-	-0-	1,748,092	1,806,967
Jeff Whiteside	2020	368,846	347,750	-0-	3,020,078	12,667 ⁽⁵⁾	3,749,341
Chief Financial Officer	2019	288,399	160,800	-0-	-0-	-0-	449,199
	2018	33,125	36,000	-0-	2,638,017	-0-	2,707,142
Stacey Onnen	2020	219,423	103,125	-0-	582,643	13,064 ⁽⁶⁾	918,255
President, eXp Realty							
Michael Valdes	2020	156,923	148,264	-0-	700,351	-0-	1,005,538
President, eXp Global							
Courtney Chakarun	2020	172,308	84,959	-0-	877,329	-0-	1,134,596
Chief Marketing Officer							

- (1) Amounts in this column represent stock awards issued to the individuals noted, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718 based on the closing price of the Shares on the applicable grant date. See Note 11 - Stockholders' Equity to the consolidated financial statements of the Company's Form 10-K, for the assumptions used in determining the grant date fair value of stock awards.

- (2) Amounts in this column represent option awards issued to the individuals noted, based on the fair value determined at the date of grant in accordance with FASB ASC Topic 718. See Note 11 - Stockholders' Equity to the consolidated financial statements of the Company's Form 10-K, for the assumptions used in determining the grant date fair value of option awards.
- (3) The value of privileges and other personal benefits, perquisites and property that do not exceed \$10,000 for any NEO are not reported herein.
- (4) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$655,488 in revenue sharing *earned*. See *Compensation Discussion and Analysis* in the Company's Definitive Proxy Statement filed with the SEC on April 7, 2021, as amended by the Definitive Proxy Statement filed with the SEC on April 13, 2021 (the "**Company's Proxy Statement**") for a discussion of the revenue sharing arrangement.
- (5) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$12,125 in Company 401(k) contributions on behalf of Mr. Whiteside.
- (6) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$2,000 medical waiver, and \$10,422 in Company 401(k) contribution on behalf of Ms. Onnen.

Retirement, Health and Welfare Benefits

Our executive officers, including our NEOs, are eligible to participate in our employee benefit programs on the same basis as our other full-time, salaried employees. These benefits include 401(k) plan, with employer matching up to 4% of each participant's eligible compensation, medical (including a medical waiver reimbursement if he/she declines to use Company coverage), dental and vision benefits, disability insurance, basic life insurance coverage, health savings accounts, accidental death and dismemberment insurance, and a monthly technology reimbursement, as well as employer-paid wellness benefits, including an employee subscription to the Calm® mobile application and 50-credits per month for use on wellness offerings on the ClassPass® mobile application. We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market. We believe these benefits are necessary to be competitive within our industry and the expense of these programs is offset by their attraction and retention value.

Special and Other Benefits

In general, we do not view perquisites, special bonuses, or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites, special bonuses, or other personal benefits to our NEOs, except in unique situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our NEOs more efficient and effective, and for recruitment and retention purposes. In particular, as a cloud-based company, we have provided certain home-technology expense payments for certain of our NEOs in order to join and remain with our company and work efficiently in a remote environment. Similar benefits are provided to all employees.

Executive Employment Terms

We have entered into written offer letters and/or employment agreements with each of our NEOs. Each of these letters/agreements was approved on our behalf by the Compensation Committee or, in certain instances, by our Board or Chief Financial Officer. In filling each of NEO positions, our Board, Chief Financial Officer and the Compensation Committee recognized that it would need to develop competitive compensation packages to attract qualified candidates in a dynamic labor market.

Mr. Sanford: Mr. Sanford is the founder of the Company and no formal offer letter or engagement letter was entered into between Mr. Sanford and the Company. Mr. Sanford is an at-will employee. Mr. Sanford's current annual base salary is \$1,500,000. Subject to the Board's discretion and certain business and individual metrics, Mr. Sanford is eligible to receive certain cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Quarterly Revenue Share Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" in the Company's Proxy Statement for additional details).

Mr. Whiteside: We entered into an offer letter with Mr. Whiteside, effective October 11, 2018, to serve as our Chief Financial Officer and Chief Collaboration Officer. Mr. Whiteside is an at-will employee. Mr. Whiteside's current annual base salary is \$500,000. Subject to the Board's discretion and certain business and individual metrics, Mr. Whiteside is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" in the Company's Proxy Statement for additional details). Pursuant to the terms of his offer letter, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay in the event Mr. Whiteside is terminated by the Company without cause.

Ms. Onnen: We entered into an offer letter with Ms. Onnen, effective February 5, 2018, to serve as our SVP, Brokerage Operations of eXp Realty and became President of eXp Realty in March 2019. Ms. Onnen is an at-will employee. Ms. Onnen's current annual base salary is \$325,000. Subject to the Chief Executive Officer's and Chief Financial Officer's discretion and certain business and individual metrics, Ms. Onnen is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" in the Company's Proxy Statement for additional details).

Mr. Valdes: We entered into an offer letter with Mr. Valdes, effective April 22, 2019, to serve as our Executive Vice President of International Expansion. In September 2020, Mr. Valdes became our President of eXp Global. Mr. Valdes is an at-will employee. Mr. Valdes' current annual base salary is \$240,000. Subject to the Chief Executive Officer's and Chief Financial Officer's discretion and certain business and individual metrics, Mr. Valdes is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" in the Company's Proxy Statement for additional details).

Ms. Chakarun: We entered into an offer letter with Ms. Chakarun, effective May 19, 2020, to serve as our Chief Marketing Officer. Ms. Chakarun is an at-will employee. Ms. Chakarun's current annual base salary is \$320,000. Subject to the Chief Executive Officer's and Chief Financial Officer's discretion and certain business and individual metrics, Ms. Chakarun is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" in the Company's Proxy Statement for additional details).

Resignation, Retirement, Other Termination, or Change in Control Arrangements

With the exception of Mr. Sanford's revenue share rights and Mr. Whiteside's severance eligibility, no NEO is granted post-employment compensation, including without limitation, severance, non-401(k)-retirement or pension benefits. Mr. Sanford is a participant in the Company's revenue share plan (see "*Compensation Discussion and Analysis - Quarterly and Other Cash Bonuses*" above). In July 2020, the Board adopted a formal policy whereby Mr. Sanford's revenue share would continue even after ceasing to be a director and/or executive officer of the Company. Pursuant to the terms of his offer letter, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay in the event Mr. Whiteside is terminated by the Company without cause, which term is undefined in the offer letter (see "*Compensation Discussion and Analysis – Executive Employment Terms*" above).

Pursuant to the 2015 Equity Plan, participants, including NEOs, are not permitted to pledge their Shares.

Potential Payments upon Termination or Change-in-Control

Pursuant to the terms of his offer letter with the Company, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay, less applicable withholding, in the event Mr. Whiteside is terminated by the Company without cause, which term is undefined. Mr. Whiteside's receipt of severance is subject to his

execution of a general release in the form prescribed by the Company. Such severance payment would be equal to \$166,677, less applicable withholding (as of December 31, 2020).

Outstanding Equity Awards as of December 31, 2020

The following table provides information regarding the equity awards outstanding as of December 31, 2020 held by each of our NEOs:

Name	Option awards ⁽¹⁾		Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested (\$)	Equity incentive plan awards: Number of unearned shares, units or other rights have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights have not vested (\$)
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable							
Glenn Sanford, CEO and Chairman of the Board	1,695,540	0	0	\$0.07	9/30/2022	0	\$0.00	0	\$0.00
	1,538,460	0	0	\$0.07	9/30/2022	0	\$0.00	0	\$0.00
	138,888	861,112 ⁽²⁾	0	\$9.94	7/31/2030	0	\$0.00	0	\$0.00
	83,334	0	916,666	\$9.94	7/31/2030	0	\$0.00	0	\$0.00
Jeff Whiteside, CFO	150,000	250,000 ⁽³⁾	0	\$5.83	10/31/2028	0	\$0.00	0	\$0.00
	0	200,000 ⁽⁴⁾	0	\$20.77	11/1/2030	0	\$0.00	0	\$0.00
Stacey Onnen, President, eXp Realty	0	0	0	\$0.00	9/30/2021	150	\$4,734.00	0	\$0.00
	0	0	0	\$0.00	10/31/2021	150	\$4,734.00	0	\$0.00
	0	0	0	\$0.00	2/28/2022	74	\$2,335.44	0	\$0.00
	0	15,624 ⁽⁵⁾	0	\$6.40	2/29/2028	0	\$0.00	0	\$0.00
Michael Valdes, President, eXp Global	0	121,874 ⁽⁶⁾	0	\$4.58	3/6/2030	0	\$0.00	0	\$0.00
	12,500	175,000 ⁽⁷⁾	0	\$ 4.37	5/5/2030	0	\$0.00	0	\$0.00
	0	175,000 ⁽⁸⁾	0	\$5.99	6/15/2030	0	\$0.00	0	\$0.00
	0	175,000 ⁽⁸⁾	0	\$5.99	6/15/2030	0	\$0.00	0	\$0.00

(1) Share amounts and exercise prices have been adjusted for the impact of the Stock Split for all periods presented.

(2) Option award covering 861,112 unvested shares was granted to Mr. Sanford on July 31, 2020 and vests monthly over three years. Option award covering 916,666 shares was granted to Mr. Sanford on July 31, 2020 and vests based on continued service and based on revenues--see *Compensation Discussion and Analysis* in the Company's Proxy Statement.

(3) Option award was granted to Mr. Whiteside on November 1, 2018 and vests quarterly over four years.

(4) Option award was granted to Mr. Whiteside on November 1, 2020 and vests quarterly over three years.

(5) Option award was granted to Ms. Onnen on March 1, 2018 and vests quarterly over four years.

(6) Option award was granted to Ms. Onnen on March 7, 2020 and vests quarterly over four years.

(7) Option award was granted to Mr. Valdes on May 4, 2020 and vests quarterly over four years.

(8) Option award was granted to Ms. Chakarun on June 15, 2020 and vests quarterly over four years.

10.4 Non-Employee Director Compensation

Our director compensation program is intended to enhance our ability to attract, retain and motivate non-employee directors of exceptional ability and to promote the common interest of directors and stockholders in enhancing the value of the Shares. The Board reviews director compensation at least annually. The Corporate Governance Committee has the sole authority to engage a consulting firm to evaluate director compensation.

For the year ended December 31, 2020, Mr. Miles' cash compensation was \$231,255 and he was issued a stock option having a value of \$83,415 on July 31, 2020, which vests monthly over three years, for

directorship activities. For the year ended December 31, 2020, Mr. Jacklin's cash compensation was \$200,012 and he was issued common stock each month beginning January 2020 and ending July 2020, in the aggregate amount of \$14,052, and a stock option having a value of \$83,415 on July 31, 2020, which vests monthly over three years, for directorship activities. For the year ended December 31, 2020, Mr. Cahir's cash compensation was \$216,680 for directorship activities. Ms. Truax was a member of the Board until May 28, 2020. For the year ended December 31, 2020, Ms. Truax's cash compensation was \$19,083 for directorship activities. Additionally, Ms. Truax received revenue sharing for her role as an agent of the Company and not in connection with her directorship activities. For the year ended December 31, 2020, Ms. Truax received cash payments of \$183,372 and stock awards valued at \$5,031 under our agent revenue sharing program in connection with her role as an agent of the Company. For the year ended December 31, 2020, Mr. Frederick received \$24,151 in stock awards for his directorship activities, but did not receive any cash payments for his directorship activities. Additionally, Mr. Frederick received revenue sharing for his role as an agent of the Company and not in connection with his directorship activities. For the year ended December 31, 2020, Mr. Frederick received cash payments of \$3,828,716 and stock awards valued at \$13,451 under our agent revenue sharing program in connection with his role as an agent of the Company. For the year ended December 31, 2020, Ms. Gentry's cash compensation was \$14,583 for directorship activities. Additionally, Ms. Gentry received revenue sharing for her role as an agent of the Company and not in connection with her directorship activities. For the year ended December 31, 2020, Ms. Gentry received cash payments of \$47,767 and stock awards valued at \$1,014 under our agent revenue sharing program in connection with her role as an agent of the Company. The dollar amounts described above and shown below represent the aggregate grant date fair value of stock awards and stock options granted, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718, based on the closing price of the Shares on the applicable grant date, vesting is contingent on continued service, and stock awards are granted fully vested. The number of shares of common stock to be issued is determined by the closing price of the last trading day of the month. Directors are reimbursed for reasonable out-of-pocket expenses incurred in the performance of duties as a Board member.

On April 7, 2020, the cash compensation fees for each independent member of the Board were reduced by 50% due to the potential impacts of the COVID-19 pandemic on the Company's business. The temporary compensation reductions were effective immediately. The Board approved all temporary changes in director compensation. On May 28, 2020, the Board reinstated the cash compensation for the independent members of the Board and issued back pay for the cash compensation reductions taken since April 7, 2020, due to the Company's performance.

On July 31, 2020, the Board adopted a formal policy pursuant to which our non-employee directors are eligible to receive certain cash retainers and equity awards in lieu of any individual compensatory arrangements. The Board adopted this policy to provide for better transparency and parity of compensation among directors. In determining the formal policy, the Board considered director compensation paid by peer companies and the incentives necessary to retain highly-talented and valued directors. Pursuant to that policy, independent directors are eligible to receive up to \$200,000 annually, paid monthly. Independent directors that assume leadership roles are eligible to receive additional cash compensation equal to \$25,000 annual cash compensation for the Vice Chairman, paid monthly; \$50,000 annual cash compensation for the Audit Committee Chairman, paid monthly; \$25,000 annual cash compensation for the Compensation Committee Chairman, paid monthly; and \$25,000 annual cash compensation for the Governance Committee Chairman, paid monthly. When an independent director is first elected to the Board, he or she will be eligible to receive a stock option having a value of up to \$300,000 per year using the Black Scholes valuation methodology, which will vest periodically over three years, subject to continued service. Additionally, each independent director is eligible to receive additional annual stock options beginning upon the commencement of his or her fourth year of directorship and each year thereafter, with each annual grant having a value of up to \$100,000 per year using the Black Scholes valuation methodology and which will vest monthly over a period of three years, subject to continued service. Independent director option grants will be administered under and be subject to the Company's 2015 Equity Incentive Plan or a successor plan. The revenue sharing arrangement is described below. Mr. Sanford does not receive any compensation for his service as a member of the Board.

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director during fiscal year 2020 who served on our Board during the fiscal year 2020:

Name	Fees Earned or Paid in Cash ⁽¹⁾	Option Awards ⁽²⁾	Stock Awards ⁽³⁾	All Other Compensation	Total
Darren Jacklin ⁽⁴⁾	\$ 200,012	\$ 83,415	\$ 14,052	\$ -0-	\$ 297,479
Eugene Frederick	\$ -0- ⁽⁵⁾	\$ -0-	\$ 37,603	\$ 3,828,716	\$ 3,866,319
Randall Miles ⁽⁶⁾	\$ 231,255	\$ 83,415	\$ -0-	\$ -0-	\$ 314,670
Dan Cahir ⁽⁷⁾	\$ 216,680	\$ -0-	\$ -0-	\$ -0-	\$ 216,680
Felicia Gentry ⁽⁸⁾	\$ 14,583 ⁽⁹⁾	\$ 15,442	\$ 1,014	\$ 47,767	\$ 78,806
Susan Truax ⁽¹⁰⁾	\$ 19,083 ⁽¹¹⁾	\$ -0-	\$ 5,031	\$ 183,372	\$ 207,486

- (1) The dollar amounts shown represent all director fees paid in 2020 (including fees which may have been earned in December 2019, but paid in 2020).
- (2) The dollar amounts shown represent the aggregate grant date fair value of stock options granted in 2020, determined at the date of grant in accordance with FASB ASC Topic 718. Stock amounts have been adjusted for the impact of the Stock Split.
- (3) The dollar amounts shown represent the grant date fair value of stock awards granted in 2020, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718, based on the closing price of the Shares on the applicable grant date. Stock amounts have been adjusted for the impact of the Stock Split.
- (4) As of December 31, 2020, Mr. Jacklin had 11,482 unexercised option awards. Stock amounts have been adjusted for the impact of the Stock Split.
- (5) The fees in the All Other Compensation column include cash payments for revenue share to Mr. Frederick. Mr. Frederick did not receive cash compensation for his directorship activities during 2020.
- (6) As of December 31, 2020, Mr. Miles had 502,804 unexercised option awards, which includes an option to purchase 460,000 Shares from Ms. Sanford. Stock amounts have been adjusted for the impact of the Stock Split.
- (7) As of December 31, 2020, Mr. Cahir had 200,000 unexercised option awards. Stock amounts have been adjusted for the impact of the Stock Split.
- (8) As of December 31, 2020, Ms. Gentry had 4,936 unexercised option awards. Ms. Gentry became a member of the Board on May 28, 2020. Stock amounts have been adjusted for the impact of the Stock Split.
- (9) The fees in the All Other Compensation column include cash payments for revenue share to Ms. Gentry.
- (10) As of December 31, 2020, Ms. Truax had 20,080 unexercised option awards. Ms. Truax was a member of the Board until May 28, 2020. Stock amounts have been adjusted for the impact of the Stock Split.
- (11) The fees in the All Other Compensation column include cash payments for revenue share to Ms. Truax.

Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors. Our directors may receive stock options and stock grants at the discretion of our Board as discussed above. Except as described above or below, we do not have any bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors for directorship activities.

Our cloud office has enabled us to introduce and maintain a gross revenue sharing plan whereby each of our agents and brokers can participate in and from which they can receive monthly and annual residual overrides on the gross commission income resulting from transactions consummated by agents and brokers who they have attracted to our company. Mr. Frederick, Ms. Truax and Ms. Gentry are participants in the Company's revenue share plan and would continue to receive those benefits similar to all other agents and brokers of eXp Realty so long as they maintain active real estate licenses and are not affiliated as an agent or broker with a competitive brokerage, consistent with the revenue share plan. Mr. Sanford is also a participant in the Company's revenue share plan (see "Compensation Discussion and Analysis - Quarterly and Other Cash Bonuses" in the Company's Proxy Statement). On July 31, 2020, the Board adopted a formal policy whereby Mr. Sanford's revenue share would continue even after ceasing to be a director and/or executive officer of the Company.

Resignation, Retirement, Other Termination, or Change in Control Arrangements

Except for Mr. Sanford's eligibility to receive revenue sharing after his resignation or termination, the Company does not have any agreements or plans in place for the directors that would provide additional compensation in connection with a resignation, termination or a change in control.

10.5 Conflicts of Interest

To the Company's knowledge as at the date of this prospectus, there were no potential conflicts of interest between the duties to the Company, of Board members and the executive officers, and their private interests.

Controlled Company

The Company is subject to the rules of the Nasdaq Stock Market and is in compliance with such rules.

Under the rules of the Nasdaq Stock Market, a company is a "controlled company" if more than 50% of the combined voting power for the election of directors is held by an individual, group or another company. Glenn Sanford, our Chairman, Chief Executive Officer, and Director beneficially owned approximately 30.15% of our outstanding Shares as of February 16, 2021. Penny Sanford, one of our stockholders, beneficially owned approximately 20.45% of our outstanding Shares as of February 16, 2021. Jason Gesing, the Chief Executive Officer of eXp Realty, and one of our Directors beneficially owned 1.99% of our outstanding Shares as of February 16, 2021. Eugene Frederick, one of our Directors, beneficially owned 3.28% of our outstanding Shares as of February 16, 2021. Please also refer to Section 11.2 of this prospectus.

In March 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick filed a Schedule 13D/A with the SEC indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which our Shares are entitled to vote. Accordingly, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick collectively own a number of Shares sufficient to elect all of the members of the Board without the approval of any other stockholders. As a result of this concentration, we are a "controlled company" within the meaning of NASDAQ's corporate governance standards. Accordingly, we currently avail ourselves of the "controlled company" exception available under the NASDAQ rules which exempts us from certain corporate governance requirements, including the requirements that we have a majority of independent directors on our Board, that compensation of the executive officers be determined, or recommended to the Board for determination, by a majority of the independent directors or a compensation committee comprised solely of independent directors, and that director nominees be selected, or recommended for the Board's selection, by a majority of the independent directors or a nominations committee comprised solely of independent directors. These exemptions do not modify the independence requirements for our Audit Committee and the fiduciary duties owed by all Board members to the Company. In addition, as further described below, Mr. Miles, Mr. Jacklin and Mr. Cahir are independent directors of the Board. There are no other measures in place related to the control of the Company by Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick. Presently, we utilize these "controlled company" exemptions to the corporate governance requirements of NASDAQ, and as a result, our governance and compensation committees do not consist entirely of independent directors. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

Director Independence

Our Board annually reviews the independence of all non-employee directors. Our Board has determined, after considering all the relevant facts and circumstances, including information requested from and provided by each director concerning his or her background, employment and affiliation, including family relationships, that Mr. Miles, Mr. Jacklin and Mr. Cahir are independent directors, as "independence" is defined by the listing standards of NASDAQ and the SEC, because they have no relationship with us that

would interfere with their exercise of independent judgment. There are no family relationships among any of our directors and director nominees or executive officers.

Code of Ethics

The Company adopted a Code of Ethics that applies to all of its directors, officers (including its chief executive officer, chief financial officer, chief accounting officer, controller and any person performing similar functions) and employees. The Company has made the Code of Ethics available on its website at https://expworldholdings.com/wp-content/uploads/2021/02/Code_of_Business_Conduct_and_Ethic.pdf.

Related Party Transactions

The Company's policy requiring that independent directors approve any related party transaction is not evidenced by writing but has been the Company's consistent practice. Each director and executive officer must promptly notify the Chief Executive Officer and the Audit Committee of the Board of any matter that he or she believes may raise doubt regarding his or her ability to act objectively and in the Company's best interest. In determining whether to approve, ratify, disapprove or reject such related party transaction, the Audit Committee may take into account, among other factors it deems appropriate, whether such related party transaction is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances. These policies and procedures are evidenced in writing in the Audit Committee charter and the Company's Code of Business Conduct and Ethics.

On November 4, 2020, Sanford Enterprises, LLC ("**Sanford Enterprises**"), a wholly-owned entity of Mr. Glenn Sanford, our Chief Executive Officer, a Director and Chairman of the Board of the Company, purchased all of the membership equity interests in Success Enterprises LLC ("**Success**") from Success Partners Holding Co, a third party media vendor to us, for \$8.0 million in cash. On December 4, 2020, we completed the acquisition of Success and its related media properties, including *SUCCESS*® print magazine, *SUCCESS.com*, *SUCCESS*® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms (the "**Success Acquisition**") from Sanford Enterprises for cash consideration of \$8.0 million using cash on hand. After being informed of all material facts related to Mr. Sanford's interest in the transaction, the Success Acquisition was approved by the Board (with Mr. Sanford recused) on December 4, 2020.

As of fiscal year ended 2020, except for the Success Acquisition, in addition to revenue sharing payments made to our NEOs as disclosed in "Executive Compensation" and to certain of our directors as disclosed in "Director Compensation", there were no other Related Party Transactions.

None of our current or former directors or executive officers is indebted to us, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us.

XI. EMPLOYEES

11.1 Overview

Our employees and independent real estate agents and brokers represent the human capital investments imperative to our operations. We ended fiscal year 2020 with 900 full-time employees. Our employees are not members of any labor union, and we have never experienced business interruptions due to labor disputes. We also utilize part-time and temporary employees and consultants when necessary. A key component to our operational capabilities is our independent real estate agent and broker network, which consisted of 50,333 agents as of March 31, 2021.

Our operations are overseen directly by management. Our management oversees all responsibilities in the areas of corporate administration, business development, and research. We have successfully expanded our current management to retain skilled employees with experience relevant to our business and intend to continue with this initiative. Our management's relationships with agents, brokers, technology providers, and customers will provide the foundation through which we expect to grow our business in the future. We believe the skill-set of our management team will be a primary asset in the development of our brands and trademarks. Additionally, the Company invests in creating an equitable and inclusive culture for its employees through the establishment of the Diversity and Employee Success team created under the human resources department. eXp has been named one of the Best Places to Work on Glassdoor for each of the years 2018 through 2021.

We provide entrepreneurial business opportunities and a competitive compensation structure to our agents and brokers. Additionally, our agents and brokers have a unique choice to attain a greater vested interest in eXp through the acceptance of equity awards in the Company's stock as part of their compensation packages. These programs and our agent support platforms—including training, back-office support, and communications—allow agents and brokers to successfully operate their own businesses that are aligned with our strategies and goals, creating synergies across our distribution network. Refer to our Agent Advisory Council section of our website at <https://expworldholdings.com/agent-advisory-council/> for information on agent participation in the management of eXp. Information contained on our website is not incorporated by reference into this report.

As the Company grows, management continually researches new directives and implementation efforts for the long-term success of the Company.

11.2 Major Stockholders, Directors' and Executive Officers' Holdings of Shares and Options

Securities Ownership of Principal Stockholders

The following table shows, as of April 30, 2021, stockholders known to the Company who beneficially own more than 5% of the outstanding Shares. To the best knowledge of the Company, there has been no material change to the beneficial ownership of the stockholders listed in the table below since April 30, 2021. Beneficial ownership represents sole voting power and investment power. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A.

Name and Address	Amount and Nature of Beneficial Ownership⁽¹⁾	Percentage of Class
Group of stockholders⁽²⁾	81,446,154	56.12%
• <i>Glenn Sanford</i>	• 44,448,694	• 30.63%
• <i>Penny Sanford</i>	• 29,411,640	• 20.26%
• <i>Eugene Frederick</i>	• 4,748,298	• 3.27%
• <i>Jason Gesing</i>	• 2,837,522	• 1.96%
The Vanguard Group	8,189,964⁽³⁾	5.67%

(1) On January 15, 2021, the Board approved the Stock Split. The Stock Split was effected on February 12, 2021. Share total has been adjusted to reflect the Stock Split.

(2) In March 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick filed a Schedule 13D/A with the SEC indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote. Accordingly, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick collectively own a number of Shares sufficient to elect all of the members of the Board without the approval of any other stockholders.

(3) As of December 31, 2020, based on information set forth in a Schedule 13G filed with the SEC on February 10, 2021 by The Vanguard Group. The Vanguard Group's business address is 100 Vanguard Blvd., Malvern, PA 19355, U.S.A.

The Company is a "controlled company" within the meaning of NASDAQ rules. Per the above, Glenn Sanford, together with Penny Sanford, Jason Gesing and Gene Frederick own approximately 56.12% of the outstanding Shares (as of April 30, 2021), and they agreed to vote their Shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote.

Securities Ownership of Executive Officers and Directors

The following table provides certain information regarding the ownership of the Shares, as of February 16, 2021 (except as noted otherwise) by each of our NEOs; each of our directors; and all of our executive officers and directors as a group.

The number of Shares beneficially owned by each person is determined under the rules of the SEC. Under these rules, beneficial ownership includes any Shares as to which the individual has sole or shared voting power or investment power and also any Shares that the individual has the right to acquire by April 17, 2021 (sixty days after February 16, 2021) through the exercise or conversion of a security or other right. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with a family member, with respect to the Shares set forth in the following table. The inclusion in this table of any Shares deemed beneficially owned does not constitute an admission of beneficial ownership of those Shares for any other purpose. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ^{(1) (2)}	Percentage of Class ⁽³⁾
Shares	Glenn Sanford	44,620,916 ^{(4) (5)}	30.15%
Shares	Eugene Frederick	4,734,118 ⁽⁴⁾	3.28%
Shares	Jason Gesing	2,878,636 ^{(4) (6)}	1.99%
Shares	Randall Miles	613,954 ⁽⁷⁾	*
Shares	Jeff Whiteside	198,066 ⁽⁸⁾	*
Shares	Dan Cahir	167,038 ⁽⁹⁾	*
Shares	Darren Jacklin	142,560 ⁽¹⁰⁾	*
Shares	Michael Valdes	25,000 ⁽¹¹⁾	*
Shares	Courtney Chakarun	12,500 ⁽¹²⁾	*
Shares	Stacey Onnen	12,498 ⁽¹³⁾	*
Shares	Felicia Gentry	6,300 ⁽¹⁴⁾	*
Shares	All executive officers and directors as a group (14 persons)	53,654,650	35.90%

* - Less than one percent.

- (1) Share amounts have been adjusted for the impact of the Stock Split for all periods presented.
- (2) Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.
- (3) Percentage of ownership is based on 144,377,201 Shares issued and outstanding as of February 16, 2021. Shares subject to options or warrants exercisable within 60 days of February 16, 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (4) For information about Mr. Sanford's, Mr. Gesing's and Mr. Frederick's beneficial ownership, please refer to "Securities Ownership of Principal Stockholders" above
- (5) Includes 40,998,028 Shares and 3,622,888 Shares exercisable within 60 days of February 16, 2021.
- (6) Includes of 2,276,136 Shares and stock options to acquire 602,500 Shares exercisable within 60 days of February 16, 2021.
- (7) Includes 270,080 Shares and stock options to acquire 343,874 Shares exercisable within 60 days of February 16, 2021.
- (8) Includes 150 Shares and stock options to acquire 197,916 Shares only exercisable within 60 days of February 16, 2021.
- (9) Includes 11,482 Shares and stock options to acquire 155,556 Shares exercisable within 60 days of February 16, 2021.
- (10) Includes 140,008 Shares and stock options to acquire 2,552 Shares exercisable within 60 days of February 16, 2021.
- (11) Includes stock options to acquire 25,000 Shares exercisable within 60 days of February 16, 2021.
- (12) Includes stock options to acquire 12,500 Shares exercisable within 60 days of February 16, 2021.
- (13) Includes stock options to acquire 12,498 Shares exercisable within 60 days of February 16, 2021.
- (14) Includes 2,186 Shares and stock options to acquire 4,114 Shares exercisable within 60 days of February 16, 2021. Ms. Gentry's term as a director began May 28, 2020.

Subject to the information for Mr. Sanford, Mr. Gesing and Mr. Frederick provided under “Securities Ownership of Principal Stockholders” described above, the Company’s directors and executive officers listed in the above table, respectively, hold, individually, less than 1% of the Shares representing the Company’s capital stock as of the date of this prospectus.

11.3 Stock Plans

Agent Equity Program

The Company provides agents and brokers the opportunity to elect to receive 5% of commissions earned from each completed residential real estate transaction in the form of Shares. If agents and brokers elect to receive portions of their commissions in Shares, they are entitled to receive the equivalent number of Shares, based on the fixed monetary value of the commission payable. The Company recognizes a 10% discount on these issuances as an additional cost of sales charge during the periods presented.

During the three months ended March 31, 2021 and 2020, the Company issued 424,084 and 1,833,306 Shares, respectively, to agents and brokers with a value of \$21,402 and \$8,794, respectively, inclusive of discount.

Agent Growth Incentive Program

The Company administers an equity incentive program whereby agents and brokers become eligible to receive awards of the Shares through agent attraction and performance benchmarks (the “AGIP”). The incentive program encourages greater performance and awards agents with Shares based on achievement of performance milestones. Awards typically vest after performance benchmarks are reached and three years of subsequent service is provided to the Company. Share-based performance awards are based on a fixed-dollar amount of shares based on the achievement of performance metrics. As such, the awards are classified as liabilities until the number of share awards becomes fixed once the performance metric is achieved.

For the three months ended March 31, 2021, the Company’s stock compensation attributable to the AGIP was \$5,472 of which the total amount of stock compensation attributable to liability classified awards was \$3,314. Stock compensation expense related to the AGIP is included in general and administrative expense in the condensed consolidated statements of comprehensive income (loss).

2013 Stock Option Plan

On September 27, 2013, we adopted a stock option plan. The purpose of the stock option plan was to retain the services of valued key employees, directors, officers and consultants and to encourage such persons with an increased initiative to make contributions to our Company. Under the stock option plan, eligible employees, consultants and certain other persons who were not eligible employees were eligible to receive awards of “non-qualified stock options.” Individuals, who, at the time of the option grant, were employees of our company or any related company (as defined in the stock option plan) and who were subject to tax in the United States were eligible to receive “incentive stock options.” The number of Shares issuable under the plan was 20,000,000. Although a limited number of awards under the plan remain outstanding, no awards have been granted under the 2013 Stock Option Plan since 2015 and the unissued shares rolled into the 2015 Equity Incentive Plan pursuant to the terms of the 2015 Equity Incentive Plan.

2015 Equity Incentive Plan

On March 12, 2015, we adopted an equity incentive plan which was subsequently amended on August 28, 2017, October 29, 2017 and on October 24, 2019. The purpose of the equity incentive plan is to retain the services of valued key employees, directors, officers and consultants and to encourage commitment and motivate excellent performance. Our employees, consultants and directors are eligible to participate in the 2015 Equity Incentive Plan as determined by the Board. The following equity awards may be granted under

the equity incentive plan: “incentive stock options”, “non-qualified stock options,” shares of restricted stock, restricted stock units and other stock-based awards; provided, that “incentive stock options” may be granted only to employees. The number of Shares issuable under the plan is 62,000,000 and under the 2019 amendment, the aggregate number of Shares reserved for issuance under the Plan will automatically increase on December 1 of each year, commencing on December 1, 2019, and ending on (and including) December 1, 2024, in an amount equal to the lesser of (a) three percent (3%) of the total number of Shares outstanding on December 31 of the preceding calendar year, or (b) the number of Shares repurchased by the Company pursuant to any issuer repurchase plan then in effect; provided that the Board may act prior to December 1 of a given year to provide that there will be no share increase for such year or that the increase for such year will be a lesser number of shares than otherwise provided in clause (a) or (b). As of January 31, 2021, there were outstanding awards representing 16,349,324 Shares with 23,308,015 Shares available for future issuances under the 2015 Equity Incentive Plan.

On November 14, 2017, we filed a registration statement on Form S-8 to register the sale of 46,547,780 Shares issuable under the 2013 Stock Option Plan and 2015 Equity Incentive Plan. On March 25, 2020, we filed a registration statement on Form S-8 to register an additional 21,916,436 Shares issuable under the 2015 Equity Incentive Plan.

XII. MATERIAL CONTRACTS

- On July 31, 2020, the Company acquired the equity ownership interests in Showcase for cash consideration of \$1.5 million using cash on hand and two-year promissory notes totaling \$1.5 million (the “**Showcase Acquisition**”). Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by independent agents and brokers, as well as continued services offerings to third party clients of Showcase.
- On November 4, 2020, Sanford Enterprises, a wholly-owned entity of Mr. Glenn Sanford, Chief Executive Officer and Chairman of the Board of the Company, purchased all of the membership equity interests in Success from Success Partners Holding Co, a third party media vendor to the Company, for \$8.0 million in cash. On December 4, 2020, the Company completed the acquisition of Success from Sanford Enterprises for cash consideration of \$8.0 million using cash on hand.

XIII. DOCUMENTS ON DISPLAY

The Company’s Internet address is <https://expworldholdings.com/>. At its Investor Relations website, <https://expworldholdings.com/sec-filings/>, the Company makes available free of charge a variety of information for investors, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after the Company electronically files such material with or furnishes it to the SEC (www.sec.gov).

The Company’s Form 10-K, the Company’s Form 10-Q and the Company’s Proxy Statement, referred to in this prospectus, may be obtained free of charge upon request by an employee.

The Company’s Bylaws and Certificate can be found as exhibits to the Company’s latest Annual Report on Form 10-K filed with the SEC.

The Company expects to issue, in early August 2021, its earnings release for the quarter ended June 30, 2021. The quarterly report on Form 10-Q for such quarter will be filed with the SEC no later than August 9, 2021. The annual report on Form 10-K for the fiscal year ending December 31, 2021 will be filed with the SEC no later than March 16, 2022. These documents will be available on the web sites of the Company and the SEC indicated above.

XIV. TAX CONSEQUENCES

The following summaries are based on the income and social tax laws in effect in the respective countries as of the date of this prospectus. However, because tax and other laws are complex and can change frequently, the information below may be out of date at the time Participant purchases Shares or sells Shares under the Program. Moreover, the information in the summaries is based on certain assumptions which may or may not apply to the particular situation of Participant. Finally, in some countries, there may be exemptions and deductions applicable to Participant that are not described herein.

Therefore, Participants are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their respective countries apply to their specific situations.

14.1 French Tax Consequences

The following summary is based on the income and social tax laws in effect in France as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time Participant purchases Shares, sells Shares or receives dividends.

The following applies only to Participants who are French tax residents. If Participant is a citizen or resident of another country for local law purposes or transfers residency to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's particular tax or financial situation, and the Company is not in a position to assure them of any particular tax result.

Participants should address any particular questions to a specialized advisor.

Enrollment in the Program

Participant is not subject to tax or social security contributions when he/she enrolls in the Program.

Contributions

The five percent (5%) of a Participant's commission compensation are after-tax contributions and, as such, they remain subject to social security contributions (including general insurance contribution, "**CSG**" and contribution for the reimbursement of social insurance debt, "**CRDS**") and are not deductible from the total taxable salary subject to personal income tax.

Purchase of Shares

When Shares are purchased under the Program, Participant will be subject to tax on the difference (or discount) between the Fair Market Value of the Shares on the Purchase Date and the Purchase Price, net of any social security contributions which are tax deductible for income tax purposes. The discount will be taxed as income from business or profession (commission) and Participant also will be subject to social security contributions on the discount.

Sale of Shares

When Participant subsequently sells the Shares acquired under the Program, the net sale gain, calculated as the difference between the net sale price and the Fair Market Value of the Shares on the Purchase Date, will be subject to personal income tax and social tax at a combined flat tax rate. Alternatively, Participant may choose to be taxed at progressive income tax rates, in which case a portion of the social taxes will be tax deductible; however, such election will be applied to all of Participant's other investment income and may thus trigger unintended tax consequences.

Withholding and Reporting

The Company subsidiary with which Participant has an independent contractor agreement (the “Service Provider”) is not required to report the taxable amount or withhold tax. It is Participant’s responsibility to report and pay any tax due upon purchase of the Shares, as well as any taxes resulting from the sale of the Shares or the receipt of any dividends. If Participant is subject to additional surtax, he/she should contact his/her own personal advisor or tax office regarding the availability of a surtax reduction.

14.2 Germany Tax Consequences

The following summary is based on the income and social tax laws in effect in Germany as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time Participant purchases Shares, sells Shares or receives dividends.

The following applies only to Participants who are German tax residents. If Participant is a citizen or resident of another country for local law purposes or transfers residency to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant’s particular tax or financial situation, and the Company is not in a position to assure them of any particular tax result.

Participants should address any particular questions to a specialized advisor.

Enrollment in the Program

Participant is not subject to tax or social security contributions when he/she enrolls in the Program.

Purchase of Shares

Participant will be subject to income tax when Shares are purchased under the Program. Participant may also be subject to social insurance contributions (to the extent the applicable contribution ceiling has not been exceeded), if Participant is insured through the statutory health insurance program. The amount subject to income tax and any applicable social insurance contributions will be the difference between the Fair Market Value of the Shares on the Purchase Date and the Purchase Price.

Participant also may be subject to a solidarity surcharge or a church tax on the amount of the income tax liability. Participant is solely responsible for paying any applicable solidarity surcharge or church tax for the year concerned.

Sale of Shares

Participant will be subject to tax at a flat rate (plus solidarity surcharge and church tax, if applicable, on the flat tax owed) when he/she subsequently sells the Shares purchased under the Program on the difference between the sale price and the Fair Market Value of the Shares on the Purchase Date.

Withholding and Reporting

The Company subsidiary with which the Participant has an independent contractor agreement (the “Service Provider”) is not required to report the taxable amount or withhold tax. It is Participant’s responsibility to report and pay any tax due upon purchase of the Shares, as well as any taxes resulting from the sale of the Shares or the receipt of any dividends. It is Participant’s responsibility to report and pay foreign financial assets tax as well as any taxes resulting from the sale of Shares or receipt of any dividends.

14.3 Italian Tax Consequences

The following summary is based on the income and social tax laws in effect in Italy as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time Participant purchases Shares, sells Shares or receives dividends.

The following applies only to Participants who are Italian tax residents. If Participant is a citizen or resident of another country for local law purposes or transfers residency to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's particular tax or financial situation, and the Company is not in a position to assure them of any particular tax result.

Participants should address any particular questions to a specialized advisor.

Enrollment in the Program

Participant is not subject to tax or social contributions when he/she enrolls in the Program.

Purchase of Shares

Participant will be subject to income tax (including municipal and regional surcharges) and social insurance contributions (to the extent the applicable contribution ceiling has not been exceeded) when Shares are purchased under the Program on the difference between the Purchase Price and the average price of the Shares in the month preceding and including the Purchase Date.

Participant also may be subject to a foreign financial assets tax if the value of his/her financial assets held outside of Italy (including any Shares acquired under the Program) exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year or on the last day the financial assets are held, using documentation issued by the local broker. Participant is solely responsible for paying any foreign financial assets tax for the year concerned.

Sale of Shares

Participant will be subject to tax when he/she subsequently sells the Shares purchased under the Program at a gain. The gain will be calculated as the difference between the sale price and the sum of the Purchase Price and the amount already subject to taxation at purchase. Capital gains tax will be due at a flat rate.

Withholding and Reporting

The Company subsidiary with which the Participant has an independent contractor agreement (the "Service Provider") is not required to report the taxable amount or withhold tax. It is Participant's responsibility to report and pay any tax due upon purchase of the Shares, as well as any taxes resulting from the sale of the Shares or the receipt of any dividends. It is Participant's responsibility to report and pay foreign financial assets tax as well as any taxes resulting from the sale of Shares or receipt of any dividends.

14.4 Portuguese Tax Consequences

The following summary is based on the income and social tax laws in effect in Portugal as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time Participant purchases Shares, sells Shares or receives dividends.

The following applies only to Participants who are Portuguese tax residents. If Participant is a citizen or resident of another country for local law purposes or transfers residency to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this

information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's particular tax or financial situation, and the Company is not in a position to assure them of any particular tax result.

Participants should address any particular questions to a specialized advisor.

Enrollment in the Program

Participant is not subject to tax or social contributions when he/she enrolls in the Program.

Purchase of Shares

When Shares are purchased under the Program, Participant will be subject to income tax (plus solidarity surcharge, if applicable) on the difference between the Fair Market Value of the Shares on the Purchase Date and the Purchase Price.

Sale of Shares

Participant will be subject to tax when he/she subsequently sells the Shares purchased under the Program on the difference between the sale price and the Fair Market Value of the Shares on the Purchase Date. A tax exemption may apply up to a certain threshold on the capital gain.

Withholding and Reporting

The Company subsidiary with which Participant has an independent contractor agreement (the "Service Provider") will be required to report the taxable amount and may withhold income tax (or solidarity surcharge, if applicable). Notwithstanding any withholding obligation by the Service Provider, it is Participant's responsibility to report and pay any tax due upon purchase of the Shares, as well as any taxes resulting from the sale of the Shares or the receipt of any dividends.

14.5 Spanish Tax Consequences

The following summary is based on the income and social tax laws in effect in Spain as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time Participant purchases Shares, sells Shares or receives dividends.

The following applies only to Participants who are Spanish tax residents. If Participant is a citizen or resident of another country for local law purposes or transfers residency to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participant's particular tax or financial situation, and the Company is not in a position to assure them of any particular tax result.

Participants should address any particular questions to a specialized advisor.

Enrollment in the Program

Participant is not subject to tax or social contributions when he/she enrolls in the Program.

Purchase of Shares

When Shares are purchased under the Program, Participant will be subject to income tax on the difference between the Fair Market Value of the Shares on the Purchase Date and the Purchase Price.

Sale of Shares

Participant will be subject to tax at a flat rate when he/she subsequently sells the Shares purchased under the Program on the difference between the sale price and the Fair Market Value of the Shares on the Purchase Date.

Withholding and Reporting

The Company subsidiary with which Participant has an independent contractor agreement (the "Service Provider") may be required to report the taxable amount and withhold tax. Notwithstanding any withholding obligation by the Service Provider, it is Participant's responsibility to report and pay any tax due upon purchase of the Shares, as well as any taxes resulting from the sale of the Shares or the receipt of any dividends.

EXHIBITS

EXHIBIT I
2015 EQUITY INCENTIVE PLAN

**SECOND AMENDMENT
TO
2015 EQUITY INCENTIVE PLAN
OF
EXP WORLD HOLDINGS, INC.**

2015 Equity Incentive Plan

(as adopted on March 12, 2015, first amendment August 28, 2017, second amendment December 11, 2019)

1. **PURPOSE.** eXp World Holdings, Inc. (formerly eXp Realty International Corporation), a Delaware corporation (the “Company”) has established this Plan to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents and Subsidiaries that exist now or in the future, by offering them an opportunity to participate in the Company’s future performance through the grant of equity based Awards. Capitalized terms not defined herein are defined in Appendix A.

2. **SHARES SUBJECT TO THE PLAN.**

2.1 **Number of Shares Available.** Subject to Sections 2.4 and 20 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan, including Shares that may be made subject to ISOs, is 30,000,000 Shares plus (i) any reserved shares not issued or subject to outstanding grants under the Company’s 2013 Stock Option Plan (the “Prior Plan”) on the Effective Date (as defined below) and (ii) shares that are subject to stock options or other awards granted under the Prior Plan that cease to be subject to such stock options or other awards by forfeiture or otherwise after the Effective Date. The aggregate number of Shares reserved for grant and issuance hereunder will automatically increase on December 1 of each year, commencing on December 1, 2019, and ending on (and including) December 1, 2024, in an amount equal to the lesser of (a) three percent (3%) of the total number of shares of Common Stock outstanding on December 31 of the preceding calendar year, or (b) the number of shares of Common Stock repurchased by the Company pursuant to any issuer repurchase plan then in effect. Notwithstanding the foregoing, the Board may act prior to December 1 of a given year to provide that there will be no share increase for such year or that the increase for such year will be a lesser number of Shares than provided herein.

2.2 **Lapsed, Returned Awards.** Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option granted under this Plan but which cease to be subject to the Option for any reason other than exercise of the Option; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to an Exchange Program. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used or withheld to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award (such as through a “net exercise”) will remain available for future grant or sale under the Plan. No fractional Shares shall be issued under the Plan.

2.3 **Minimum Share Reserve.** At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4 **Adjustment of Shares.** If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, or in the event of an extraordinary cash dividend, then (a) the number and kind of Shares reserved for issuance and future grant under the Plan set

forth in Section 2.1, (b) the Exercise Prices of outstanding Options, and (c) the number and kind of Shares subject to outstanding Awards, shall be appropriately adjusted consistent with such change or event in such manner as the Board may determine. Fractional Shares resulting from any adjustment in Awards shall be eliminated by rounding down.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants and Directors of the Company or any Parent or Subsidiary of the Company whose participation in the Plan the Board determines to be in the company's best interests.

4. ADMINISTRATION.

4.1 Authority. This Plan will be administered by the Board. The Board, in its discretion, may delegate the granting of Awards and other administration of the Plan to a committee of the Board or to officers of the Company or other persons, subject to any applicable legal limitations. Subject to the general purposes, terms and conditions of this Plan, the Board will have full power to implement and carry out this Plan. The Board will have the authority, without limitation, to:

(i) determine Eligible Persons to whom Awards shall be granted from time to time and the number of Shares to be covered by each Award;

(ii) determine, from time to time, the Fair Market Value of Shares;

(iii) determine, and to set forth in Award Agreements, the terms and conditions of all Awards, including any applicable exercise or purchase price, the installments and conditions under which an Award shall become vested (which may be based on performance), terminated, expired, cancelled, or replaced, and the circumstances for vesting acceleration or waiver of forfeiture restrictions, and other restrictions and limitations, which terms and conditions need not be uniform among Awards or Participants;

(iv) approve the forms of Award Agreements and all other documents, notices and certificates in connection therewith which need not be identical either as to type of Award or among Participants;

(v) construe and interpret the terms of the Plan and any Award Agreement, to determine the meaning of their terms, and to prescribe, amend, and rescind rules and procedures relating the Plan and its administration; and

(vi) delegate any of the foregoing to a subcommittee consisting of one or more executive officers pursuant to a specific delegation.

4.2 Board Interpretation and Discretion. Any determination made by the Board with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Board for review. The resolution of such a dispute by the Board shall be final and binding on the Company and the Participant. The Board may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3 Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5. OPTIONS. The Board may grant Options to Participants and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("ISOs") or Nonqualified Stock Options ("NQSOs"), the number of Shares subject to the Option, the Exercise Price of the Option, the period

during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NQSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Board will: (x) determine the nature, length and starting date of any Performance Period for each Option; and (y) select from among the Performance Factors to be used to measure the performance. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2 Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company as described in Section 422(b)(6) of the

Code ("Ten Percent Stockholder") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Board also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Board determines.

5.3 Exercise Price. The Exercise Price of an Option will be determined by the Board when the Option is granted; provided that:

(i) the exercise price per share of an Option shall not be less than 100% (or, with respect to ISOs granted to a Ten Percent Stockholder, 110%) of the Fair Market Value per share of the Common Stock on the date of grant; and

(ii) Options granted in substitution for outstanding options of another company in connection with the merger, consolidation, acquisition of property or stock or other reorganization involving such other company and the Company or any subsidiary of the Company may be granted with an exercise price equal to the exercise price for the substituted option of the other company, subject to any adjustment consistent with the terms of the transaction pursuant to which the substitution is to occur.

5.4 Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Board and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Board may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.4 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised. Payment for Stock purchased upon any exercise of an Option shall be made in full in cash concurrently with such exercise, except that, if the Board shall have authorized it and the Company is not then legally prohibited from receiving such consideration, any other method in accordance with Section 9 of the Plan.

5.5. Termination. The exercise of an Option will be subject to the following (except as may be otherwise provided in an Award Agreement or authorized by the Board):

- (a) If the Participant is Terminated for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the Termination Date no later than ninety (90) days after the Termination Date, but in any event no later than the expiration date of the Options.
- (b) If the Participant is Terminated because of the Participant's death (or the Participant dies within ninety (90) days after a Termination other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the Termination Date, but in any event no later than the expiration date of the Options.
- (c) If the Participant is Terminated because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date, but in any event no later than the expiration date of the Options.
- (d) If the Participant is terminated for Cause, then Participant's Options shall expire on such Participant's Termination Date.

5.6. Limitations on Exercise. The Board may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.7. Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NQSOs. For purposes of this Section 5.7, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the date the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.8. Modification, Extension or Renewal. The Board may modify, extend or renew outstanding Options, and may accept the surrender of outstanding Options and authorize the grant of new Options in substitution therefor, provided that (a) any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted, and (b) other than substitutions and adjustments pursuant to Section 2.4, an outstanding Option may not be modified to reduce the Exercise Price thereof, and a new Option may not be substituted for a surrendered Option, unless such action is approved by the Company's stockholders if the Shares are at such time traded on an established securities market. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to the preceding sentences of this Section 5.8, by written notice to affected Participants, the Board may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.9 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under

this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS.

6.1 Awards of Restricted Stock. A Restricted Stock Award is an offer by the Company to sell to, or a grant to, a Participant Shares that are subject to restrictions ("Restricted Stock"). The Board will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price (if any), the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.2 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Board and may be less than Fair Market Value on the date the Restricted Stock Award is granted (including zero). Payment of the Purchase Price (if any) must be made in accordance with Section 9 of the Plan, and the Award Agreement and in accordance with any procedures established by the Company.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Board may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Board shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Board).

7. RESTRICTED STOCK UNITS.

7.1 Awards of Restricted Stock Units. A Restricted Stock Unit ("RSU") is an award to a Participant covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs shall be made pursuant to an Award Agreement.

7.2 Terms of RSUs. The Board will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times at which the RSU vests; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's Termination on each RSU. An RSU may vest upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU vests upon satisfaction of Performance Factors, then the Board will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

7.3 Form and Timing of Settlement. The Board, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Board may also permit a Participant to defer settlement under a RSU to a date or dates after the RSU vests, provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

7.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Board).

8. OTHER STOCK-BASED AWARDS.

8.1 Other Stock-Based Awards. The Board is authorized to grant to Participants Other Stock-Based Awards, including shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company, stock equivalent units, deferred stock units, and Awards valued by reference to the value of shares of Common Stock. The Board may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified Performance Factors or such other factors as the Board may determine. The Board may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under this Plan.

8.2 Terms of Other Stock-Based Awards. The Board will determine, and each Award Agreement shall set forth, the terms of each Other Stock-Based Award including, without limitation: (a) any vesting conditions; (b) the number of Shares upon which such Other Stock-Based Award is based; (c) the Performance Factors and Performance Period (if any) that shall determine the time and extent to which each Performance Award shall be vested or granted; (d) the consideration to be distributed on settlement; and (e) the effect of the Participant's Termination on each Other Stock-Based Award. In establishing Performance Factors and the Performance Period (if any) the Board will: (x) determine the nature, length and starting date of any Performance Period; and (y) select from among the Performance Factors to be used. Prior to settlement the Board shall determine the extent to which Other Stock-Based Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Other Stock-Based Awards that are subject to different Performance Periods and different performance goals and other criteria.

8.3 Deferral of Other-Stock Based Awards. To the extent permitted by law, the Board may permit Participants to defer all or a portion of their compensation in the form of Other Stock-Based Awards granted under this Plan, subject to the terms and conditions of any deferred compensation arrangement established by the Company, which shall be in a manner intended to comply with Section 409A of the Code.

8.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Board).

9. PAYMENT FOR SHARE PURCHASES.

Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Board and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

- (i) by forgiveness of indebtedness owed by the Company to the purchaser;
- (ii) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price or purchase price of the Shares as to which said Award will be exercised or settled;
- (iii) by reducing the number of shares of Stock to be delivered to the Participant upon exercise of the Option or settlement of an Award, with the reduction valued on the basis of the aggregate Fair Market Value on the Date of Exercise or purchase of the additional shares of Stock that would otherwise have been delivered to the Participant upon the Option exercise or Award settlement;
- (iv) by the delivery, concurrently with such exercise and in accordance with Regulation T promulgated under the Securities Exchange Act of 1934, or any successor rule or regulation, of a properly executed exercise notice for the Option and irrevocable instructions to a broker promptly to deliver to the Company to pay the exercise price a specified amount of the proceeds of a sale of the Option shares or loan secured by the Option shares;
- (v) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary of the Company; and/or

(vi) by any combination of the foregoing or by other means determined by the Board to be consistent with this Plan's purposes.

Subject to any Board approval requirements or other limitations under applicable laws, the Board may also assist any Participant (including an officer or director) in the payment for Shares by authorizing a loan from the Company, permitting the Participant to pay the exercise price or purchase price in installments or authorizing a guarantee by the Company of a third party loan to the Participant, and the terms and conditions of any such loan, installment sale or guarantee will be determined by the Board.

10. WITHHOLDING TAXES.

10.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company, or to the Parent or Subsidiary employing the Participant, an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant.

10.2 Stock Withholding. The Board, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such tax withholding obligation or any other tax liability legally due from the Participant, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld.

11. TRANSFERABILITY. An Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. Notwithstanding the foregoing, the Board may determine that an Award, other than an ISO, may be transferred to a Permitted Transferee, upon such additional terms and conditions as the Board deems appropriate. All Awards shall be exercisable: (i) during the Participant's lifetime only by (A) the Participant, or (B) the Participant's guardian or legal representative; (ii) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (iii) in the case of all Awards except ISOs, by a Permitted Transferee.

12. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

12.1 Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any dividend equivalent rights permitted by an applicable Award Agreement. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock.

12.2 Restrictions on Shares. At the discretion of the Board, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "Right of Repurchase") a portion of any or all Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of the Participant's Termination Date and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

13. **CERTIFICATES.** All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Board may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

14. **ESCROW; PLEDGE OF SHARES.** To enforce any restrictions on a Participant's Shares, the Board may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Board, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Board may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Board may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Board will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

15. **SECURITIES LAW AND OTHER REGULATORY COMPLIANCE.** An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

16. **NO OBLIGATION TO EMPLOY.** Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time.

17. **CORPORATE TRANSACTIONS.**

In the event of (i) the dissolution or liquidation of the Company, (ii) a reorganization, merger or consolidation as a result of which the Company is not the surviving entity or as a result of which the outstanding shares of Stock are changed

into or exchanged for cash, property or securities not of the Company's issue, except for a merger or consolidation with a wholly-owned subsidiary of the Company or a transaction effected primarily to change the state of the Company's incorporation, or (iii) a sale or other transfer in one or a series of transactions of all or substantially all of the assets of the Company, or of more than eighty percent (80%) of the voting stock of the Company then outstanding, to any person or entity or to persons or entities which are affiliated or acting in concert with respect to such sale or transfer (each, a "Change in Control"), the Board may, but shall not be obligated to:

(a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of an Award;

(b) cancel Awards for fair value (as determined by the Board) which, in the case of Options may equal the excess, if any, of the per share value of the consideration to be paid in the Change in Control transaction for Common Stock over the Exercise Price of such Options (or, if such Exercise Price is greater than the consideration paid in the Change in Control transaction, the Board may cancel such Options for no consideration);

(c) provide for the assumption of Awards or the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Award previously granted hereunder as determined by the Board; or

(d) provide advance notice of such Change in Control transaction to holders of Options, after which any Options not exercised prior to such Change in Control may be cancelled.

Any Award granted under this Plan shall automatically terminate upon the closing of a Change in Control, unless provision shall be made in connection with such Change in Control for the assumption of the Award by, or the substitution for such Award of a new Award covering the stock or other equity securities of, the surviving, successor or purchasing entity or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares or other securities or property to be issued upon exercise of the Award and the exercise price, as applicable. This paragraph shall not restrict the Board from permitting or requiring other accelerations of vesting upon transactions described in this paragraph or any other acquisitions of the Company's shares or business or changes in control of the Company or any other event. The treatment of Awards upon a Change in Control need not be uniform among Awards or Participants.

18. **ADOPTION AND STOCKHOLDER APPROVAL.** This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

19. **TERM OF PLAN/GOVERNING LAW.** Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board or is approved by the Company's stockholders, whichever is earlier. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

20. **AMENDMENT OR TERMINATION OF PLAN.** The Board shall have complete power and authority to alter, amend, suspend or terminate this Plan, provided that no such action shall deprive a Participant, without his or her consent, of any Award, or of any rights thereunder, previously granted pursuant to this Plan. Stockholder approval of amendments shall be required only to permit the issuance of Incentive Options or otherwise to comply with applicable laws or regulatory requirements; provided, however, that an amendment increasing the maximum number of shares issuable under this Plan shall require approval by the stockholders of the Company.

21. **AWARD AGREEMENTS AND AMENDMENTS.** Each Award granted under this Plan shall be evidenced by an agreement between the Company and the Participant, which shall be approved by the Board or an executive officer of the Company. The Award Agreement shall comply with the provisions of this Plan and the terms of the Award's grant by the Board and may contain additional terms not inconsistent with this Plan and such grant which are deemed necessary or desirable by the Board or the executive officer. Subject to the terms and limitations set forth in this Plan, the Board and the Participant may without approval modify, extend, renew or terminate any outstanding Award or Award Agreement.

22. **NONEXCLUSIVITY OF THE PLAN.** Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and

bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

eXp World Holdings, Inc.
2015 EQUITY INCENTIVE PLAN

Appendix A: Definitions

As used in the Plan, the following definitions shall apply:

“Award” means any award under the Plan, including any Option, Restricted Stock, or Other Stock-Based Award.

“Award Agreement” means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, which shall be in substantially a form (which need not be the same for each Participant) that the Board has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

“Board” means the Board of Directors of the Company.

“Cause” means (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define “cause” (or words of like import), (i) Participant’s willful failure substantially to perform his or her duties and responsibilities to the Company or deliberate violation of a Company policy; (ii) Participant’s commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (iii) unauthorized use or disclosure by Participant of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) Participant’s willful breach of any of his or her obligations under any written agreement or covenant with the Company; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company and the Participant at the time of the grant of the Award that defines “cause” (or words of like import), “cause” as defined under such agreement. The determination as to whether a Participant is being terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company’s ability to terminate a Participant’s employment or consulting relationship at any time as provided in Section 18 above, and the term “Company” will be interpreted to include any Subsidiary or Parent, as appropriate.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Common Stock” means the Company’s Common Stock, par value \$0.00001 per share.

“Company” means eXp World Holdings, Inc., a Delaware corporation, or any successor corporation.

“Consultant” means any natural person, including an advisor or independent contractor, engaged by the Company or a Parent or Subsidiary to render services to such entity other than in connection with the offer or sale of securities in a capital raising transaction.

“Director” means a member of the Board.

“Disability” means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that

can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“Effective Date” means the date on which the Plan has received approval by a vote of the majority of the votes of the Company’s stockholders required in accordance with the Company’s governing documents and applicable law, which date shall be included at the top of this Plan.

“Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director’s fee by the Company will be sufficient to constitute “employment” by the Company.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Exchange Program” means a program pursuant to which outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof).

“Exercise Price” means the price at which a holder may purchase the Shares issuable upon exercise of an Option.

“Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows: (i) If the Common Stock is traded on an established securities market, the closing price of a share of the Common Stock on such date on the composite transactions report of the principal securities market on which the Common Stock is so traded, or, if there is no sale of the Common Stock on such date, then on the last previous date on which there was a sale; or, (ii) if the Common Stock is not then traded on an established securities market, the fair market value of a share of the Common Stock determined by the Board in a manner it considers reasonable or appropriate under the circumstances, taking into account the requirements of Section 409A or 422 of the Code, as applicable.

“Insider” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.

“Option” means an award of an option to purchase Shares pursuant to Section 5.

“Other Stock-Based Award” means an Award under Section 8 that is valued in whole or part by reference to, or is payable in or otherwise based on, Common Stock.

“Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

“Participant” means a person who holds an Award under this Plan.

“Performance Factors” means any of the factors selected by the Board and specified in an Award Agreement, from among the following objective measures, either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Board with respect to applicable Awards have been satisfied:

- Profit Before Tax
- Gross Revenue
- Net Revenue

Earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings);

- Operating Income
- Operating Margin, or;
- Any other metric that is capable of measurement as determined by the Board.

The Board may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Board's original intent regarding the Performance Factors at the time of the initial award grant. It is within the sole discretion of the Board to make or not make any such equitable adjustments.

"Performance Period" means the period of service determined by the Board, during which years of service or performance is to be measured for the Award.

"Permitted Transferee" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

"Plan" means this eXp World Holdings, Inc. 2015 Equity Incentive Plan.

"Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option.

"Restricted Stock Award" means an award of Shares pursuant to Section 6 or Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

"Restricted Stock Unit" means an Award granted pursuant to Section 7 or Section 8 of the Plan.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock and the common stock of any successor security.

"Subsidiary" means any subsidiary corporation of the Company, as defined in Section 424(f) of the Code.

"Termination" or "Terminated" means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Board; provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Board may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in

the applicable Award Agreement. In the event of military leave, if required by applicable laws, vesting shall continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide services to the Company throughout the leave on the same terms as he or she was providing services immediately prior to such leave. An employee shall have terminated employment as of the date he or she ceases to be employed (regardless of whether the termination is in breach of local laws or is later found to be invalid) and employment shall not be extended by any notice period or garden leave mandated by local law. The Board will have sole discretion to determine whether a Participant has ceased to provide services for purposes of the Plan and the effective date on which the Participant ceased to provide services (the "Termination Date").

EXHIBIT II

2015 NON-U.S. AGENT EQUITY PROGRAM PARTICIPATION ELECTION FORM

2015 Non-U.S. Agent Equity Program Participation Election Form

eXp World Holdings, Inc. ("EXPI" or the "Company") previously adopted the 2015 Equity Incentive Plan, as adopted on March 12, 2015 and amended August 28, 2017 (the "Plan"). Pursuant to the Plan, EXPI created the 2015 Agent Equity Program (the "Program") to be administered at the board's discretion, and may issue shares of EXPI's common stock ("Shares") to the Company's agents and brokers who elect to participate ("Participant(s)") as payment of five percent (5%) of the commission compensation earned by a Participant. Participation in the Program is subject to the terms and conditions contained in the Independent Contractor Agreement, in this Non-U.S. Agent Equity Program Participation Election Form, including the additional terms and conditions for certain countries set forth in the appendix attached hereto (the "Appendix" and, together, the "Enrollment Form"), in the Program and in the Plan.

Eligibility: All agents and brokers in Good Standing with the Company are eligible to participate in the Program.

Issuance of Shares As Payment of Commission: By submitting this Enrollment Form, Participant authorizes the Company to set aside five percent (5%) of Participant's net payment (after splits, fees, and any other required withholdings) ("Shares for Payment") on Transactions which close in Participant's name, commencing with Transactions closing on or after Participant's Join Date.

Price of Issued Shares: Effective January 1, 2020, the price for Shares issued under the Program shall be at a ten percent (10%) discount to the fair market value of EXPI's common stock, as determined by the closing market price of EXPI's common stock on the last trading day of the month.

Issuance Date: Shares under the Program shall be issued on the last trading day of the month during which the closing on the sales of any properties from which a Shares for Payment has been authorized results in an accumulated Shares for Payment of not less the purchase price of one whole Share (each a "Issue Date").

Custody of Shares: All Shares issued under the Program shall initially be placed and held in an account created in Participant's name with Shareworks by Morgan Stanley.

Associated Costs: Ownership of Shares issued under the Program may come with associated costs imposed by third parties, including but not limited to, fees that may be imposed by a stockbroker, financial services broker of Participant's choosing, or others.

Cancellation of Participation: Any Participant may cancel his or her participation in the Program by completing a new Election Form.

Modification or Termination: The Program is subject to modification or termination at the discretion of the Company's Board of Directors.

Responsibility for Taxes: Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary for which Participant provides services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Program and legally applicable or deemed applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility. Furthermore, Participant acknowledges that the Company and/or the Service Recipient (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Program, including the acquisition of Shares under the Program and/or the receipt of any dividends paid on such Shares, and (b) do not commit to and are under no obligation to structure the terms of the Program or any aspect of Participant's participation in the Program to reduce or eliminate Participant's

liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is or becomes subject to tax in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former Service Recipient, as applicable) may be required to account for Tax-Related Items in more than one jurisdiction.

Withholding: Prior to the relevant tax withholding event (if any), Participant agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company or the Service Recipient, or their respective agents, at their discretion, to satisfy the obligations with regard to all taxes by one or a combination of the following: (i) withholding from Participant's commissions (or other compensation) payable to Participant by the Company and/or the Service Recipient; (ii) withholding from proceeds of the sale of Shares acquired under the Program either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent); (iii) withholding Shares to be issued upon purchase under the Program, provided the Company only withholds a number of Shares equal to the minimum statutory amount required to be withheld (unless otherwise permitted by the Plan); (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or (v) any other arrangement approved by the Board and permitted under applicable law.

Withholding (if any) for Tax-Related Items will be made in accordance with the Plan and such rules and procedures as may be established by the Board, and in compliance with the insider trading policy of the Company, if applicable. In the event of over-withholding using one of the methods described above, Participant may receive a refund of any over-withheld amount in cash but will have no entitlement to the Shares sold or withheld, or if not refunded, Participant may seek a refund from the local tax authorities.

Nature of Grant: By enrolling and participating in the Program, Participant acknowledges, understands and agrees that:

- a. the Program is established voluntarily by the Company and it is discretionary in nature;
- b. participation in the Program is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Shares, or benefits in lieu of Shares, even if participation in the Program has been granted in the past;
- c. all decisions with respect to future Shares or other grants, if any, will be at the sole discretion of the Company;
- d. Participant's participation in the Program does not change the at will nature of Participant's independent contractor relationship with the Company and shall not create a right to employment or be interpreted as forming or amending a service contract, if any, with the Company, the Service Recipient or any Subsidiary and shall not interfere with the ability of the Company, the Service Recipient or any Subsidiary to terminate Participant's independent contractor relationship with the Company;
- e. Participant is voluntarily participating in the Program;
- f. the future value of the Shares is unknown, indeterminable and cannot be predicted with certainty;
- g. the value of the Shares may increase or decrease in the future, even below the purchase price;
- h. unless otherwise provided in the Program, the Plan or by the Company in its discretion, participation in the Program and the benefits evidenced by this Enrollment Form do not create any entitlement to have the Program or any such benefits granted thereunder, transferred to, or assumed by, another

company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;

- i. Participant acknowledges and agrees that neither the Company, the Service Recipient nor any Subsidiary, shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the U.S. dollar that may affect the value of the Shares or any amounts due pursuant to the Shares or the subsequent sale of any Shares under the Program; and
- j. no claim or entitlement to compensation or damages shall arise when Participant withdraws from the Program due to Participant's termination of the service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where Participant is providing services or the terms of Participant's independent contractor agreement) and in consideration of participation in the Program and the acquisition of Shares under the Program, Participant agrees not to institute any claim against the Company, its Subsidiaries or the Service Recipient.

No Advice Regarding Grant: The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Program or acquisition or sale of the Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Program before taking any action related to the Program.

Data Privacy: *The Company and the Service Recipient hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, nationality, job title, any Shares or directorships held in the Company, details of all rights to purchase Shares or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data").*

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's Data as described in this Enrollment Form and any other documents or materials by and among, as applicable, the Service Recipient, the Company and its other Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Program

Participant understands that Data will be transferred to Morgan Stanley, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Program. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if Participant resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Company. Participant authorizes the Company, Morgan Stanley and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Program to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Program. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Program. Participant understands that if Participant resides outside the United States, Participant may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, Participant's service with the Service Recipient will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant participation in the

Program or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Program. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact the Company.

Governing Law and Venue: Participation in the Program and the provisions of this Enrollment Form are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of litigating any dispute that arises under participation in the Program or this Enrollment Form, the parties hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation shall be conducted exclusively in the courts of the State of Delaware.

Language: Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the provisions of this Enrollment Form and the Program. If Participant has received this Enrollment Form or any other document related to the Program translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

Severability: The provisions of this Enrollment Form are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Appendix: Notwithstanding any provisions in this Enrollment Form, participation in the Program shall be subject to any additional terms and conditions set forth in any Appendix to this Enrollment Form for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

Imposition of Other Requirements: The Company reserves the right to impose other requirements on Participant's participation in the Program and on any Shares acquired under the Program, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Waiver: Participant acknowledges that a waiver by the Company of breach of any provision of this Enrollment Form shall not operate or be construed as a waiver of any other provision of this Enrollment Form, or of any subsequent breach by Participant or any other participant.

Insider Trading/Market Abuse: Participant acknowledges that, depending on Participant's or Participant's broker's country or where the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to purchase shares or rights linked to the value of shares during such times Participant is considered to have "inside information" regarding the Company, as defined in the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before Participant possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Participant is responsible for complying with any restrictions and should speak to his or her personal advisor on this matter.

Exchange Control, Foreign Asset/Account and/or Tax Reporting: Depending upon the country to which laws Participant is subject, Participant may have certain foreign asset/account and/or tax reporting requirements that may affect Participant's ability to acquire or hold Shares under the Program or cash received from participating in the

Program (including from any dividends or dividend equivalents or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country of residence. Participant's country may require that Participant report such accounts, assets or transactions to the applicable authorities in Participant's country. Participant also may be required to repatriate cash received from participating in the Program to Participant's country within a certain period of time after receipt. Participant is responsible for knowledge of and compliance with any such regulations and should speak with his or her personal tax, legal and financial advisors regarding the same.

Acknowledgments: Participant understands that participation in this Program is subject to the terms and conditions contained in the Independent Contractor Agreement, in this Agent Equity Program Participation Election Form, in the Program itself, and in the Plan. Participant has read and fully understands both the Program and the Plan. By participating in the Plan, Participant agrees to be bound by the terms and conditions of the ICA, the Program and the Plan. By acceptance of this opportunity to receive Shares, Participant consents to the electronic delivery of all related documents, including the Program, the Plan, any account statements and Plan prospectuses, as applicable, and all other documents that EXPI is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to an investment in EXPI's stock. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party, the delivery of the document via email or such other delivery determined at EXPI's discretion may include the delivery of a link to a Company intranet or the internet site of a third party, the delivery of the document via email or such other delivery determined at EXPI's discretion.

By signing this Enrollment Form, Participant certifies that he or she is of legal age in the state or country of his or her residence.

Participant, by signing this Enrollment Form, certifies that: Participant is receiving the Shares solely for Participant's own account, and not for the benefit of any other person. Participant is being issued the Shares solely for investment purposes and not with a view to distribution or resale, nor with the intention of selling, transferring or otherwise disposing of all or any part thereof for any particular price, or at any particular time, or upon the happening of any particular event or circumstance, except selling, transferring, or disposing of the shares, in full compliance with all applicable provisions of the Securities Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, and applicable state and foreign country securities laws.

Participant confirms that she or he has had the opportunity to ask questions of, and receive answers from, EXPI or any authorized person acting on its behalf concerning EXPI and its business, and to obtain any additional information, to the extent possessed by EXPI (or to the extent it could have been acquired by EXPI without unreasonable effort or expense) necessary to verify the accuracy of the information received by Participant.

Participant has carefully considered and has discussed (or accepts the responsibility to discuss) with its own legal, tax, accounting and financial advisors, to the extent the Participant has deemed necessary, the suitability of this investment and the transactions contemplated by this Enrollment Form for the Participant's particular federal, state, provincial, local and foreign tax and financial situation and has independently determined that this investment and the transactions contemplated by this Enrollment Form are a suitable investment for the Participant.

NO AGENT, BROKER OR ELIGIBLE INDIVIDUAL SHALL BE DEEMED A PARTICIPANT UNLESS AND UNTIL SUBMITTING THIS COMPLETED FORM OF ELECTION.

Please check the appropriate choice below and sign:

☐ YES, I would like to participate in the Program
☐ NO, I do not wish to participate in the Program at this time.

Participant _____

Signature

Date

Appendix To

Non-U.S. Agent Equity Program Participation Election Form

TERMS AND CONDITIONS

This Appendix includes additional terms and conditions that govern Participant's participation in the Program if Participant provides services or resides in one of the countries listed below. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which he or she is currently providing services or residing or if Participant relocates to another country after electing to participate in the Program, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Certain capitalized terms used but not defined in this Appendix shall have the meanings set forth in the Plan, the Program and/or the Non-U.S. Agent Equity Program Participation Election Form to which this Appendix is attached.

NOTIFICATIONS

This Appendix also includes notifications relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Program. The information is based on the exchange control, securities and other laws in effect in the countries listed in this Appendix, as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the notifications herein as the only source of information relating to the consequences of his or her participation in the Program because the information may be outdated when Participant elects to participate in the Program or acquires Shares (or when Participant subsequently sell Shares acquired under the Program).

In addition, the notifications are general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently providing services or residing (or is considered as such for local law purposes) or if Participant moves to another country after electing to participate in the Program, the information contained herein may not be applicable to Participant.

FRANCE

TERMS AND CONDITIONS

Issuance of Shares . The Issuance of Shares As Payment of Commission section of the Enrollment Form has been translated into French in order to expressly authorize the issuance of Shares as payment of commission under the Plan.

Émission d'actions en tant que paiement de la commission. En soumettant ce Formulaire d'inscription, le Participant autorise la Société à mettre de côté cinq pour cent (5 %) du paiement net du Participant (après divisions, frais et toute autre retenue requise) (« Actions contre Paiement ») relatif aux Transactions finalisées au nom du Participant, à compter de la finalisation des Transactions à la Date d'Adhésion du Participant ou après.

NOTIFICATIONS

Language Consent. By enrolling in the Program, Participant confirms having read and understood the documents relating to this offer of participation (in particular, the Enrollment Form, this Appendix and the Plan) which were provided to the French Participant in the English language. The French Participant accepts the terms of those documents accordingly.

Consentement relatif à la Langue. *En s'inscrivant au Programme, le Participant confirme avoir lu et compris les documents relatifs à cette offre de participation (en particulier, le Contrat d'Inscription, la présente Annexe et le Plan) qui ont été communiqués au Participant français en anglais. Le Participant français accepte les termes de ces documents en connaissance de cause.*

INDIA

NOTIFICATIONS

Exchange Control Information. Participant may purchase Shares under the Liberalized Remittance Scheme ("LRS"), which permits all India resident individuals to freely remit up to USD 250,000 per financial year (April – March) out of India for any permissible current or capital account transaction or a combination of both. Pursuant to the LRS, residents of India (who are not employees of the subsidiary of the Company in India) are permitted to acquire foreign securities if such securities represents full or partial consideration for professional services rendered to the Company by the resident individual. Participant understands, acknowledges and agrees that his or her purchase of Shares under the LRS (in combination with any other remittances in the applicable fiscal year) shall not exceed the LRS limit and that Participant will not be allowed to purchase Shares under the Plan if it does. *Participant should consult with his or her personal advisor for additional details on the requirements set forth in this notification.*

PUERTO RICO

There are no country-specific provisions.

UNITED KINGDOM

There are no country-specific provisions.

EXHIBIT III

**ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020,
FILED BY EXP WORLD HOLDINGS, INC. WITH THE SEC ON MARCH 11, 2021**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2020**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-38493**



EXP WORLD HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

98-0681092

(IRS Employer
Identification No.)

2219 Rimland Drive, Suite 301

Bellingham, WA 98226

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: **(360) 685-4206**

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.00001 per share	EXPI	NASDAQ

Securities registered pursuant to section 12(g) of the Act:

Common Stock, par value \$0.00001 per share (Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☐

Emerging growth company ☐

Accelerated filer ☒

Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

Based on the registrant's closing price of \$17.05 as quoted on the NASDAQ on June 30, 2020, the aggregate market value of the voting and nonvoting common equity held by non-affiliates of eXp World Holdings, Inc. was approximately \$493.3 million.

The number of shares of the registrant's \$0.00001 par value common stock outstanding as of January 29, 2021 was 144,343,659.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2020. Portions of such proxy statement are incorporated by reference into Part III of this Form 10-K. Portions of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 are incorporated into Part I, Item 1, and Part II, Item 7, of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This Annual Report and our other public filings contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not based on historical facts but rather represent current expectations and assumptions of future events. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Many of these risks and other factors are beyond our ability to control or predict. Forward-looking statements can be identified by words such as “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “should,” “intend,” “may,” “will,” “could,” “can,” “would,” “potential,” “seek,” “goal” and similar expressions. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management’s expectations, are described in greater detail in Item 1A, “Risk Factors”, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” and Item 9A. “Controls and Procedures – Inherent Limitations on Effectiveness of Controls”.

Forward-looking statements are based on currently available operating, financial and market information and are inherently uncertain. Investors should not place undue reliance on forward-looking statements, which speak only as of the date they are made and are not guarantees of future performance. Actual future results and trends may differ materially from such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future developments or otherwise, except as may be required by law.

PART I

Item 1. BUSINESS

eXp World Holdings, Inc. (“eXp”, or, collectively with its subsidiaries, the “Company”, “we”, “us”, or “our”) owns and operates a cloud-based real estate brokerage and a technology platform business that enables a variety of businesses to operate remotely. Our real estate brokerage is now one of the largest and fastest growing real estate brokerage companies in the United States by agent count, and recently began to expand internationally. Our technology platform business develops and uses immersive technologies that enable and support virtual workplaces. This unique enabling platform helps businesses increase their effectiveness and reduce costs from operating in traditional “brick and mortar” office spaces.

The following are changes in our business in the most recent fiscal year:

Real Estate Brokerage – In addition to our operations throughout the United States of America (U.S.), the United Kingdom (U.K.), Australia, and most of the Canadian provinces, we expanded operations into South Africa, Portugal, France, Mexico, and India during 2020. Except for certain employees who hold active real estate licenses, virtually all of our real estate professionals are independent contractors.

In November 2020, we launched eXp Commercial, LLC and its subsidiaries within the commercial real estate brokerage space in the U.S. Our commercial real estate brokerage operations are currently in a nascent state.

Technology Products and Services – On July 31, 2020, the Company acquired the equity ownership interests in Showcase Web Sites, L.L.C. (“Showcase”) for cash consideration and promissory notes. Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by our independent agents and brokers, as well as continued services offerings to third party clients of Showcase.

In addition to servicing their current customer bases, our technology products and services businesses are integral to the support, growth, and development of our real estate brokerage operations.

Multimedia Personal Development Products and Services – On December 4, 2020, the Company acquired the equity ownership interests in Success Enterprises LLC (“Success”) and its related media properties, including *SUCCESS*® print magazine, *SUCCESS.com*, *SUCCESS*® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms for cash consideration. With the addition of Success, the Company intends to blend its technology and content to enhance the personal development platform for entrepreneurs and sales professionals.

Details regarding the development of our businesses prior to 2020 are incorporated by reference herein from Part I of our Annual Report on Form 10-K dated March 12, 2020 (Commission File No. 001-38493).

Operations and Revenue Streams

Our operations support the purchase and sale of homes through leveraging innovative technologies and integrated services.

In our current state, almost all of our revenue and profit or loss are generated by our cloud-based real estate brokerage and wholly-owned subsidiary, eXp Realty, LLC (“eXp Realty”). Because we do not have significant standalone contributions of revenue and profit or loss from our other businesses, we operate and manage the Company as one business unit. In the future, we believe there is strong potential for multiple significant revenue and profit opportunities that may be organized into distinct business units in order to increase our management effectiveness. Over the long term, we envision owning and operating a diversified portfolio of service based businesses whose operations benefit substantially from utilizing our enabling technology platform.

Within the Company today, we strategically prioritize our efforts to grow our real estate brokerage, develop immersive and cloud-based technology products and services, nurture affiliated services (and our Preferred Partner Program) related to real estate transactions, and strengthen and iterate on our enabling technology platform.

eXp Realty

eXp Realty is a leading, rapidly growing, cloud-based international real estate brokerage company. We disrupt from within the traditional real estate markets in which we operate for the benefit of agents and brokers through innovation, use of cloud-based technology, and development of world-class agent and broker attraction and retention practices. We generate revenue primarily by serving as a licensed broker for the purpose of processing residential real estate transactions, from which we earn commissions. The Company in turn pays a portion of the commissions earned to the real estate agents and brokers.

Our mission is to deliver maximum value to our shareholders, agents, brokers and staff, while building an international brand as the leading cloud-based brokerage. Our cloud-based solutions provide primarily residential real estate agents and brokers the collaborative

tools to seamlessly support and facilitate buying and selling activities by consumers throughout the home purchase process. Our model is designed to:

- *Provide the opportunity for homebuyers to successfully experience home ownership and for homeowners to realize the best outcomes possible through the sale of their homes.* Our licensed agents and brokers primarily use our proprietary cloud-based transaction processing and home search and tour tools to help homebuyers find, visit and close on the house that meets their needs, and to help homeowners efficiently market and sell their homes without the effort—and additional costs—associated with the typical home selling process.
- *Provide a business opportunity for our agents and brokers.* We provide an entrepreneurial business opportunity for individuals to aid in the purchase and sale of residential homes. Low entry fees as well as the ability to select their own schedules and time commitments allow our agents and brokers to supplement their income by starting their own independent businesses without leaving their current jobs, while also proving opportunities for strong leaders to build their own agency teams and grow under our brokerage brand on a full-time basis. Our compensation structure (fees and share-based), technology, sales support and back-office processing are designed to enable agents and brokers to successfully grow their independent businesses without the fixed costs inherent with a traditional brick-and-mortar brokerage.
- *Provide stock ownership opportunities for our agents and brokers.* Through our agent equity programs, our agents and brokers have a unique choice to attain a greater vested interest in eXp through the acceptance of equity awards in the Company's stock as part of their compensation packages. These programs allow successful agents and brokers to become stakeholders in the brand they represent and align our goals across the distribution network.

Brokerage Offices and Services in Our Virtual World

We operate over the internet and rely on cloud-based technologies to provide our residential real estate brokerage services. Through various platforms, buyers search real-time property listings, and sellers list properties and gain exposure across the various geographic markets in which we operate. We also provide buyers and sellers access to a network of professional, consumer-centric agents and brokers. Additionally, we deliver marketing, training and other support services to our brokers and agents through a combination of proprietary technology enabled services, as well as technology and support services contracted to third parties. Our brokers and agents leverage our technology, services, data, lead generation and marketing tools to represent residential real estate buyers and sellers to list, find and consummate the purchase or sale of a home.

Internally, we use our technology to provide agents, teams of agents, and brokerage owners with opportunities for increased profitability, reduced risk, and greater levels of professional development while fostering an organizational culture that values collaboration, strength of community, and commitment to serving the consumer's best interests. We provide agents, teams of agents, and brokers with the systems, support, professional development and infrastructure to help them survive and then thrive in unpredictable and, at times, challenging economic conditions. This includes delivering 24/7 access to collaborative tools and training for real estate agents and brokers.

We have adopted a number of cloud-based technologies. Among the technologies we use to operate our business, is our 3D, fully-immersive, cloud office, which has virtual conference rooms, training centers, and individual offices in which our management, staff, agents and brokers all work on a daily basis learning from, sharing with, transacting business with, and socializing with colleagues from different geographic regions by utilizing avatars. In these virtual spaces agents and brokers meet for state-based sales meetings, attend live interactive trainings and classes, go over commission disbursement authorization forms, build websites and online branding materials, and work on purchase and sales agreements.

Further, in these virtual spaces new managing brokers are evaluated and approved, our management meets to discuss strategy and vision, and personnel interviews are conducted. In addition, we have face-to-face meetings, conferences, presentations, retreats and other physical interactions where circumstances warrant.

We also provide physical space to brokers and agents when required, primarily with third party providers with access to offices, workspace and meeting rooms at locations worldwide.

Our cloud office has fully-staffed transaction and administration, web development, search engine optimization and technical support teams. Consequently, our cloud office serves as our primary company office for brokers, agents, management and staff and provides agents, teams of agents and brokers with a full suite of back office functions, live training, education, coaching and mentoring that places a premium on engagement, discussion and collaboration, transaction support, broker support, and technical support. The utilization of this cloud office platform permits us to more easily serve and extend our geographic reach.

Furthermore, we allow our agents and brokers, some of whom are former real estate brokerage owners, to leverage our infrastructure to reduce their fixed costs and to be empowered to build scalable teams of agents in any of the markets that we serve while preserving and

enhancing the agents and brokers' personal brands. In this way our agents and brokers can attract agents and build a co-brand in any markets currently served by the Company without any additional capital requirements.

Agent and Broker Training and Communication

eXp Realty has held firm in its belief that each individual agent delivers value to individual home buyers and sellers in different ways depending upon the knowledge, skills or niche of the agent and the needs and wants of the consumer. Consumers work with agents because of their skills and service individually and generally place greater weight on those individual skill sets, service levels and style than they do on the brokerage brand with which the agent is affiliated.

Numerous real estate coaches provide training and classes to brokerages on a vendor basis or to individual agents outside of their brokerage relationship in the most cost-effective way to strengthen their skills and help them succeed. The needs of individual agents vary as do the methods of instruction that are most effective for their learning. This approach aims to offer coaching that draws upon, highlights, promotes and supports some of the best coaches in the industry based upon their individual talents and the corresponding fit to the particular needs of our individual, entrepreneurial professionals.

Fee Structure

The lower overall cost of operating our cloud office has enabled us to offer our agents and brokers a higher split of the gross commissions generated from real estate transactions than most traditional real estate brokerages. This higher fee split along with our unique delivery of support services and the flexibility it provides for brokers and agents has facilitated our growth over the past several years.

We also differentiate ourselves by not charging our agents and brokers royalties or franchise fees. Our agents pay a low monthly cloud brokerage fee and various transaction processing fees.

Revenue Sharing Plan

Our cloud office has enabled us to introduce and maintain a revenue sharing plan whereby each of our agents and brokers can participate. As part of this revenue sharing plan, our agents and brokers can receive commission income resulting from transactions consummated by the agents and brokers whom they have attracted to our company.

Consistent with our commitment to enabling and empowering agents and brokers in pursuit of building a scalable business and organization, our revenue sharing plan allows brokers and agents a financial mechanism to build teams across geographic borders.

Our revenue sharing plan provides an opportunity where agents and brokers can potentially earn additional income while focusing on the growth of the eXp brokerage brand and their individual agencies.

Customers

Our clients are primarily residential homeowners and homebuyers in the markets in which we operate as serviced by our international network of independent agents and brokers. These customers are sellers or purchasers of new or existing homes and engage us to aid in the facilitation of the closing of the real estate transaction, including, but not limited to, searching, listing, application processing and other pre- and post-close support.

Based on current market information, sales of existing residential properties represent a large majority of home sales in the U.S. market. This provides our agents and brokers with greater opportunities to represent the buy or sell—and sometimes both—sides of a real estate transaction. In addition, we help our customers fulfill their needs by providing ancillary transaction related services. Our experienced agents and brokers are well suited to support their customers' needs with a high level of professionalism, knowledge and support as they endeavor on one of the largest transactions they will most likely experience.

Markets

Real Estate Industry Overview

We primarily operate in the U.S. residential real estate market. Through our network of independent agents and brokers, we have brokerages in all 50 states in the U.S. residential real estate market, residential real estate markets in most of the Canadian provinces, and, to a lesser extent, in parts of the U.K., Australia, South Africa, Portugal, France, Mexico, and India. As our principal operating market, the U.S. residential real estate market for existing homes, seasonally adjusted, accounted for approximately 6.8 million homes sold with a median existing home sales price of \$0.3 million in 2020, the highest levels since 2006, based on data released by the National Association of Realtors.

The overall health of the U.S. residential real estate market, including demand for homes, is driven largely by, among other factors, the inventory of existing homes, the affordability of housing, macroeconomic factors (e.g., U.S. Federal Reserve rates, unemployment rates, job growth, etc.), governmental policies (e.g., tax deduction and credits, regulatory initiatives, etc.), demographic trends (e.g., customer tastes and perceptions, buy versus rent preferences, income growth, marriage rates, etc.), mortgage rates and financing availability.

Although the housing market in the U.S. is cyclical as evidenced most recently during the recession of the late 2000's and subsequent recovery since 2012, we believe that the residential real estate market will continue to grow due to expected increases in the formation of new households and the relatively low interest rate environment incentivizing homebuying, as well as a robust level of homes available for purchase.

Residential real estate brokerage companies typically realize revenues in the form of a commission based on a percentage of the price of each home purchased or sold, which can vary based on industry standards, geographical location, and specific customer-agent negotiations, among other factors. Therefore, variability in the commissions earned in the real estate industry exists based on general economic and market factors, as well as price and volume of homes sold. When home prices and the volume of home sale transactions increase (decrease), commissions generally will also increase (decrease). However, we are positioned to earn commissions on either—or both—of the buy side or sell side of residential real estate transactions, as well as the ability to receive other fees for complimentary services provided during the close process.

The COVID-19 pandemic significantly impacted the U.S. residential real estate market during the spring of 2020 with home sales in April and May declining to levels unseen since the recession of the late 2000's. However, U.S. residential home sales rebounded sharply beginning in June, and overall 2020 saw a material increase in the number of U.S. homes sold and the U.S. median home sales price over 2019 based on data released by the National Association of Realtors. These trends were driven largely by, among other factors, declining mortgage rates, a decline in housing inventory, and an increasing demand for remote workspace. Similarly, the Company had a strong performance over the same period of time, achieving a record number of home sales and a record amount of growth in agent count. However, it is still too early to predict the extent of the effects of the ongoing COVID-19 pandemic will have on home sales and home sales prices over the long term.

Competition

We compete with local, regional, national and international residential real estate brokerages with respect to the sale of homes and to attract and retain agents, teams of agents, brokers and consumers—both home sellers and buyers. We compete primarily on the basis of our service, culture, collaboration, utilization of cloud-based systems and technologies that reduce costs, while providing relevant and substantial professional development opportunities for our agents and brokers with an opportunity to generate more business and participate in the growth of our company.

We believe that we are the only national real estate brokerage presently using a 3D immersive office environment in place of physical brick and mortar offices. Additionally, this innovative operational structure coupled with our distribution model allows us to effectively enter new markets with speed and flexibility and without much of the investment and cost associated with establishing a traditional brokerage. We also believe our compensation and incentive programs to attract and retain highly productive agents is one of the most compelling in the industry. As such, we believe that we are well-positioned in our competitive landscape.

Virbela

In November 2018, eXp World Technologies, LLC (“World Tech”) acquired substantially all the assets of Virbela, LLC (“Virbela”). Virbela is a technology company that specializes in building 3D virtual worlds for work, education, and events. eXp Realty's current cloud campus—called eXp World—was created using Virbela's software and provides 24/7 access to collaboration tools, training, and social communities for the company's real estate agents and staff across our many locations. In December 2020, a Virbela virtual world was deployed for Success to allow staff, contractors, and consultants to meet, collaborate, and host events in real time across various locations. World Tech has continued to innovate the Virbela platform, expanding the product offering to agents, teams and others who could benefit from their own, always-available environments for collaboration.

For the year ended December 31, 2020, Virbela has seen an increase in demand for virtual events and collaborative spaces for remote teams and as a result has introduced new products and features, including an expo hall, a concert stage for virtual entertainment, VR support for Oculus Rift and HTC VIVE, and screen sharing and video chat capabilities. We expect to continue to service existing and new business-to-business enterprise level Virbela contracts in the coming year.

Resources

Software Development

Our Company continues to increase our investment in the development of our own cloud-based transaction processing platforms and further expand our products and service offerings. We continue to create process efficiencies and provide our agents and brokers with mobile applications designed to facilitate transactions in an efficient and consumer friendly way. To further expand our products and service offerings, we offer an on-demand, home tour mobile application that enables home shoppers to request immediate access to properties exclusively to eXp Realty agents in certain markets.

Our operational model and growth strategies necessitate the internally-developed technologies used to support our operations now and in the future, as well as requires us to, at times, consider existing and emerging technology companies for acquisition, partnerships and other collaborative relationships.

Intellectual Property

Our cloud-based real estate brokerage is highly dependent on the proprietary technology that we employ and the intellectual property that we create. “eXp Realty” is one of our registered trademarks in the United States. We have also placed the marks “3D MLS”, “3D Listing Service” and “RE Tech Campus” on the United States Patent and Trademark Office’s Supplemental Register. We also own the rights to the domain names: <http://exprealty.com>, <http://exprealty.ca>, <http://exp-uk.co.uk>, <http://expaustralia.com.au>, <http://expsouthafrica.co.za>, <http://expportugal.com>, <http://expfrance.fr>, <http://expmexico.mx>, and <http://expglobalindia.co.in>.

While there can be no assurance that registered trademarks will protect our proprietary information, we intend to assert our intellectual property rights against any infringement. Although any assertion of our rights could result in a substantial cost and diversion of management effort, we believe the protection and defense against infringement of our intellectual property rights are essential to our business.

Seasonality of Business

Seasons and weather traditionally impact the real estate industry in the markets in which we operate. Spring and summer seasons historically reflect greater sales periods, and, in turn, higher revenues and operating results in comparison to fall and winter seasons. While the spring season of 2020 saw a sharp decline in U.S. home sales across the industry, the summer season rebounded sharply with existing-home sales, seasonally adjusted, totaling 6.8 million in 2020 up 22.2% from 2019 based on data released by the National Association of Realtors.

Government Regulation

We serve the residential real estate industry which is regulated by federal, state and local authorities as well as private associations or state sponsored associations or organizations. We are required to comply with federal, state, provincial, and local laws, as well as private governing bodies’ regulations, which combined results in a highly-regulated industry.

We are also subject to federal, state, and provincial regulations relating to employment, contractor, and compensation practices. Except for certain employees who have an active real estate license, virtually all real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, like most brokerage firms, we are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation.

Real Estate Regulation - Federal

The Real Estate Settlement Procedures Act of 1974, as amended, (“RESPA”) requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process. RESPA also protects borrowers against certain abusive practices, such as kickbacks, and places limitations upon the use of escrow accounts. RESPA also requires detailed disclosures concerning the transfer, sale, or assignment of mortgage servicing, as well as disclosures for mortgage escrow accounts.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) moved authority to administer RESPA from the Department of Housing and Urban Development to the new Consumer Financial Protection Bureau (“CFPB”). The Dodd-Frank Act increased regulation of the mortgage industry, including but not limited to: (i) generally prohibiting lenders from making residential mortgage loans unless a good faith determination is made of a borrower’s creditworthiness based on verified and documented information; (ii) enacting regulations to help assure that consumers are provided with timely and understandable information about residential mortgage loans and to protect consumers against unfair, deceptive and abusive practices; and (iii) establishing minimum national underwriting guidelines for residential mortgages that lenders will be allowed to securitize without retaining any of the loans’ default risk. In February 2018, the CFPB released a five-year strategic plan indicating that the CFPB intends to continue to focus on protecting consumer rights while engaging in rulemaking to address unwarranted regulatory burdens. Under the current strategic plan, the CFPB would (i) provide “clear rules of the road” through rulemaking and amendments; (ii) foster a “culture of compliance” among businesses; (iii) engage in “vigorous enforcement”; and (iv) educate consumers to make the best financial decisions. Additionally, in a recent regulatory agenda, the CFPB indicated that it planned to review “inherited regulations” to ensure “outdated, unnecessary, or unduly burdensome regulations” are addressed and modernized. As a result, the regulatory framework of RESPA applicable to our business may be subject to change. In addition, federal fair housing laws generally make it illegal to discriminate against protected classes of individuals in housing or brokerage services. Other laws and regulations applicable to our business include (i) the Federal Truth in Lending Act of 1969; (ii) the Federal Equal Credit Opportunity; (iii) the Federal Fair Credit Reporting Act; (iv) the Fair Housing

Act; (v) the Home Mortgage Disclosure Act; (vi) the Gramm-Leach-Bliley Act; (vii) the Consumer Financial Protection Act; (viii) the Fair and Accurate Credit Transactions Act; (ix) the Telephone Consumer Protection Act; and (x) state and federal laws pertaining to the privacy rights of consumers, which affects how we collect and use customer information, including solicitation of new clients.

Real Estate Regulation – State and Local Level

Real estate and brokerage licensing laws and requirements vary from state to state. In general, all individuals and entities lawfully conducting businesses as real estate brokers, agents or sales associates must be licensed in the state in which they carry on business and must at all times be in compliance.

Certain jurisdictions may require a person licensed as a real estate agent, broker, sales associate or salesperson, to be affiliated with a brokerage in order to engage in licensed real estate brokerage activities or allow the agent, broker, sales associate or salesperson to work for the public, another agent or broker, sales associate or salesperson conducting business on behalf of the brokerage, sponsoring agent, broker, sales associate or salesperson.

Engaging in the real estate brokerage business requires obtaining a real estate brokerage license. In order to obtain this license, jurisdictions require that a member or manager be licensed individually as a real estate broker in that jurisdiction. This member or manager is responsible for supervising the licensees and the entity's real estate brokerage activities within the state.

Real estate licensees, whether they are brokers, salespersons, individuals, agents or entities, must follow the state's real estate licensing laws and regulations. These laws and regulations generally specify minimum duties and obligations of these licensees to their clients and the public, as well as standards for the conduct of business, including contract and disclosure requirements, record keeping requirements, requirements for local offices, escrow trust fund management, agency representation, advertising regulations and fair housing requirements.

In each of the states where we have operations, we assign appropriate personnel to manage and comply with applicable laws and regulations.

Most states have local regulations (city or county government) that govern the conduct of the real estate brokerage business. Local regulations generally require additional disclosures by the parties to a real estate transaction or their agents or brokers, or the receipt of reports or certifications, often from the local governmental authority, prior to the closing or settlement of a real estate transaction as well as prescribed review and approval periods for documentation and broker conditions for review and approval.

Third-Party Rules

Beyond federal, state and local governmental regulations, the real estate industry is subject to rules established by private real estate groups and/or trade organizations, including, among others, state and local Associations of REALTORS® ("AOR"), the National Association of Realtors® ("NAR"), and local Multiple Listing Services ("MLSs"). "REALTOR" and "REALTORS" are registered trademarks of the National Association of REALTORS®.

Each third-party organization generally has prescribed policies, bylaws, codes of ethics or conduct, and fees and rules governing the actions of members in dealings with other members, clients and the public, as well as how the third-party organization's brand and services may or may not be deployed or displayed.

We assign appropriate personnel to manage and comply with third party organization policies and bylaws.

Environmental Regulation

The Company operates in a cloud-based model which gives us an insignificant physical geographical footprint. Due to this, we are not materially impacted by any environment regulation.

Human Capital

Our employees and independent real estate agents and brokers represent the human capital investments imperative to our operations. We ended fiscal year 2020 with 900 full-time employees. Our employees are not members of any labor union, and we have never experienced business interruptions due to labor disputes. We also utilize part-time and temporary employees and consultants when necessary. A key component to our operational capabilities is our independent real estate agent and broker network, which consisted of 41,313 agents as of December 31, 2020.

Our operations are overseen directly by management. Our management oversees all responsibilities in the areas of corporate administration, business development, and research. We have successfully expanded our current management to retain skilled employees with experience relevant to our business and intend to continue with this initiative. Our management's relationships with agents, brokers, technology providers, and customers will provide the foundation through which we expect to grow our business in the future. We believe the skill-set of our management team will be a primary asset in the development of our brands and trademarks. Additionally, the

Company invests in creating an equitable and inclusive culture for its employees through the establishment of the Diversity and Employee Success team created under the human resources department. eXp has been named one of the Best Places to Work on Glassdoor for the each of the years 2018 through 2021.

We provide entrepreneurial business opportunities and a competitive compensation structure to our agents and brokers. Additionally, our agents and brokers have a unique choice to attain a greater vested interest in eXp through the acceptance of equity awards in the Company's stock as part of their compensation packages. These programs and our agent support platforms—including training, back-office support, and communications—allow agents and brokers to successfully operate their own businesses that are aligned with our strategies and goals, creating synergies across our distribution network. Refer to our Agent Advisory Council section of our website at <https://expworldholdings.com/agent-advisory-council/> for information on agent participation in the management of eXp. Information contained on our website is not incorporated by reference into this report.

As the Company grows, management continually researches new directives and implementation efforts for the long-term success of the Company.

Available Information

Our Company files annual, quarterly, and current reports, proxy statements and other documents with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov.

Our Company maintains a website at www.expworldholdings.com. Our filings with the SEC, including without limitation, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available through a link maintained on our website under the heading "Investor Relations—SEC Filings." Information contained on our website is not incorporated by reference into this report.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

Risks Related to Our Industry

Our profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond our control.

Our profitability is closely related to the strength of the residential real estate market which is cyclical in nature and typically is affected by changes in national, state, and local economic conditions, which are beyond our 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, war or terrorist attacks, natural disasters or adverse weather events, or the public perception that any of these events may occur. Unfavorable general economic conditions, such as a recession or economic slowdown, in the U.S., Canada, or other markets we enter and operate 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 such as Fannie Mae and Freddie Mac could take actions that result in unforeseen consequences to the real estate market or that otherwise could negatively impact our business.

The real estate market is substantially reliant on the monetary policies of the U.S. federal government and its agencies and is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S., which in turn impacts interest rates. Our business could be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of home sale transactions may 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.

The coronavirus (“COVID-19”) pandemic may have a material adverse effect on our businesses, financial condition, and results of operations.

Since early 2020, the COVID-19 pandemic has had a profound effect on the global economy and financial markets. In the U.S. and abroad, governments continue to react to this evolving public health crisis by, among other actions, recommending or requiring the avoidance of gatherings of people or significantly or entirely curtailing activities categorized as non-essential. This unprecedented situation has created considerable risks and uncertainties for the U.S. real estate services industry in general and for the Company in particular, including those arising from the potential adverse effects on the economy as well as risks related to employees, independent agents, and consumers. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the extent and duration of the spread of the outbreak, the extent of governmental regulation (including, but not limited to, mandated “shelter in place” or other regulations that, for example, preclude or strictly limit open houses or in-person showings of properties), the impact on capital and financial markets and the related impact on consumer confidence and spending, and the magnitude of the financial and operational consequences to our agents and brokers, all of which are highly uncertain and cannot be predicted.

Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of successive quarters difficult.

Seasons and weather traditionally impact the real estate industry. 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. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our 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 we serve can conceal the impact of poor weather or seasonality.

Home sales in successive quarters can fluctuate widely due to a wide variety of factors, including holidays, national or international emergencies, the school year calendar’s impact on timing of family relocations, interest rate changes, speculation of pending interest rate changes and the overall macroeconomic market. Our revenue and operating margins each quarter will remain subject to seasonal fluctuations, poor weather and natural disasters and macroeconomic market changes that may make it difficult to compare or analyze our financial performance effectively across successive quarters.

Risks Related to our Business and Operations

We may be unable to maintain our agent growth rate, which would adversely affect our revenue growth and results of operations.

We have experienced rapid and accelerating growth in our real estate broker and agent base. During the year ended December 31, 2020, our agent and broker base grew to 41,313 agents and brokers, or by 63%, from 25,423 agents and brokers as of December 31, 2019. Because we derive revenue from real estate transactions in which our brokers and agents receive commissions, the amount and rate of growth of our revenue typically correlate to the amount and rate of growth of our agent and broker base, respectively. The rate of growth of our agent and broker base cannot be predicted and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. We cannot assure that we will be able to maintain our recent agent growth rate or that our agent and broker base will continue to expand in future periods. A slowdown in our agent growth rate would have a material adverse effect on revenue growth and could adversely affect our business, results of operations, financial condition, and cash flows.

We may be unable to effectively manage rapid growth in our business.

We may not be able to scale our business quickly enough to meet the growing needs of our affiliated real estate professionals and if we are not able to grow efficiently, our operating results could be harmed. As the Company adds new real estate professionals, it 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, we will need to appropriately scale our internal business systems and our services organization, including support of our affiliated real estate professionals as our 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 our Company to existing real estate professionals who might leave the Company, as well as resulting in decreased attraction of new real estate professionals. Even if we are able to upgrade our systems and expand our staff, such expansion may be expensive, complex, and place increasing demands on our management. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure, and we may not be successful in maintaining adequate financial and operating systems and controls as we expand. Moreover, there are inherent risks associated with upgrading, improving, and expanding our information

technology systems. We cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all. These efforts may reduce revenue and our margins and adversely impact our financial results.

If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities our long-term prospects and profitability will be harmed.

To capture and retain market share in the various local markets that we serve, we must compete successfully against other brokerages for agents and brokers and for the consumer relationships that they bring. Our competitors could lower the fees that they charge to agents and brokers or could raise the compensation structure for those agents. Our competitors may have access to greater financial resources than us, allowing them to undertake expensive local advertising or marketing efforts. In addition, our competitors may be able to leverage local relationships, referral sources, and strong local brand and name recognition that we have not established. Our competitors could, as a result, have greater leverage in attracting new and established agents in the market and in generating business among local consumers. Our ability to grow in the local markets that we serve will depend on our ability to compete with these local brokerages.

We may implement changes to our business model and operations to improve revenues that cause a disproportionate increase in our expenses or reduce profit margins. For example, we may allocate resources to acquiring lower margin brokerage models and have invested in the development of a mortgage servicing division, a commercial real estate division, a title and escrow company and a continuing education division. Expanding our service offerings could involve significant up-front costs that may only be recovered after lengthy periods of time. Our barrier to entry in new real estate markets is low given our cloud-based operating model; however, attempts to pursue new business opportunities could result in a disproportionate increase in our expenses and in reduced profit margins. In addition, expansion into new markets, including internationally, could expose us to additional compliance obligations and regulatory risks. If we fail to continue to grow in the local markets we serve or if we fail to successfully identify and pursue new business opportunities, our long-term prospects, financial condition, and results of operations may be harmed, and our stock price may decline.

Our value proposition for agents and brokers includes allowing them to participate in the revenues of our company and is not typical in the real estate industry. If agents and brokers do not understand our value proposition, we may not be able to attract, retain, and incentivize agents.

Participation in our revenue sharing plan represents a key component of our agent and broker value proposition. Agents and brokers may not understand or appreciate its value due to the intricacies of our programs. In addition, agents may not appreciate other components of our value proposition, including the cloud office platform, the mobility it affords, the systems and tools that we provide to agents and brokers, and the professional development opportunities we create and deliver. If agents and brokers do not understand the elements of our agent value proposition, or do not perceive it to be more valuable than the models used by most competitors, we may not be able to attract, retain and incentivize new and existing agents and brokers to grow our revenues.

We may be unable to attract and retain additional qualified personnel.

To execute our business strategy, we must attract and retain highly qualified personnel. In particular, we compete with many other real estate brokerages for qualified brokers who manage our operations in each state. We must also compete with technology companies for developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled service and operations professionals, and we may not be successful in attracting and retaining the professionals we need. Additionally, in order to realize the potential benefits of acquisitions, we may need to retain employees from the acquired businesses or hire additional personnel to fully capitalize on the opportunities that such acquisitions may offer, and we may not be successful in retaining or attracting such individuals following an acquisition. From time to time in the past we have experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we do. In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of the stock options or other equity incentives they are to receive in connection with their employment. If the price of our stock declines or continues to experience significant volatility, our ability to attract or retain key employees may be adversely affected. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

We have experienced net losses in recent years, and, because we have a limited operating history, our ability to fully and successfully develop our business is unknown.

We had a history of operating at losses since our inception in October 2009 until the fourth quarter of 2019. Our ability to realize consistent, meaningful revenues and profit over a sustained period has not been established over the long term and cannot be assured in future periods.

While we believe that we have made significant progress in revenue growth and managing our overhead by implementing our cloud-based technology strategy, our services must achieve broad market acceptance by consumers, and we must continue to grow our geographical reach, attract more agents and brokers, and increase the volume of our residential real-estate transactions. If we are

unsuccessful in continuing to gain market acceptance, we will not be able to generate sufficient revenue to continue our business operations and could recognize future operating and net losses.

Despite our ongoing efforts to build revenue growth, both organically and through acquisitions, and to control the anticipated expenses associated with the continued development, marketing and provision of our services, we may not be able to consistently generate significant net income and cash flows from operations in the future.

We may not be able to utilize a portion of our net operating loss carryforwards, which may adversely affect our profitability.

As of December 31, 2020, we had federal and state net operating losses carryforward due to prior years' losses. The pre-fiscal 2018 federal and the state net operating losses will carry forward 20 years. The federal net operating losses generated in and after fiscal 2018 can be carried forward indefinitely. A portion of our net operating loss may expire unused and be unavailable to reduce future income tax liabilities, which may adversely affect our profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes, in any taxable year, may be limited if we experience an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. It is possible that an ownership change, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

We could be subject to changes in tax laws and regulations that may have a material adverse effect in our business

We operate and are subject to taxes in the United States and numerous other jurisdictions throughout the world. Changes to federal, state, local, or international tax laws on income, sales, use, indirect, or other tax laws, statutes, rules or regulations may adversely affect our effective tax rate, operating results or cash flows.

Our effective tax rate could increase due to several factors, including: changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates; changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Cuts and Jobs Act of 2017 (the "Tax Act"); changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; the outcome of current and future tax audits, examinations or administrative appeals; and limitations or adverse findings regarding our ability to do business in some jurisdictions.

In particular, new income, sales and use or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, regulations could be interpreted, modified or applied adversely to us. For example, the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. For example, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act") modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net operating losses, and other deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense.

The utilization of a 3D cloud-based immersive office as a suitable substitute for a physical brick and mortar location is a new and unproven strategy and we cannot guarantee that we will be able to operate and grow within its confines.

Currently, our cloud office adequately supports the needs of our agent population located across the markets we serve. We cannot guarantee that our cloud office platform will continue to support our agent population and meet our business needs as we grow. The effectiveness of our cloud office platform is tied to a number of variables at any given time, including server capacity and concurrent users. In addition, the use of the cloud office platform and the use generally of 3D immersive office environments as an acceptable substitute among agents and brokers for physical office locations is unproven. We cannot guarantee that industry rank and file will adopt or accept cloud-based 3D office environments as a substitute for a physical office environment in a sustainable, long-term manner.

We intend to evaluate acquisitions or investments in third-party technologies and businesses, but we may not realize the anticipated benefits from, and may have to pay substantial costs related to, any acquisitions, mergers, joint ventures, or investments that we undertake.

As part of our business and growth strategy, we evaluate acquisitions of, or investments in, a wide array of potential strategic opportunities, including third-party technologies and businesses, as well as other real estate brokerages. If we are not able to effectively integrate acquired businesses and assets or successfully execute on joint venture strategies, our operating results and prospects could be

harmed. Since 2018, we have acquired new technology and operations and entered into joint venture arrangements. We will continue to look for opportunities to acquire technologies or operations that we believe will contribute to our growth and development, including our July 2020 acquisition of Showcase Web Sites, L.L.C. and our December 2020 acquisition of Success Enterprises LLC. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete, and integrate acquisitions. The success of our future joint venture strategies will depend on our ability to identify, negotiate, complete, and successfully manage and grow joint ventures with other parties. In addition, acquisitions and joint ventures could cause potentially dilutive issuances of equity securities or incurrence of debt.

Acquisitions and joint ventures are inherently risky, and any we complete may not be successful. Any acquisitions and joint ventures we pursue would involve numerous risks, including the following:

- difficulties in integrating and managing the operations and technologies of the companies we acquire, including higher than expected integration costs and longer integration periods;
- diversion of our management's attention from normal daily operations of our business;
- our inability to maintain the customers, key employees, key business relationships and reputations of the businesses we acquire;
- our inability to generate sufficient revenue or business efficiencies from acquisitions or joint ventures to offset our increased expenses associated with acquisitions or joint ventures;
- our responsibility for the liabilities of the businesses we acquire or gain ownership in through joint ventures, including, without limitation, liabilities arising out of their failure to maintain effective data security, data integrity, disaster recovery and privacy controls prior to the acquisition, or their infringement or alleged infringement of third party intellectual property, contract or data access rights prior to the acquisition;
- difficulties in complying with new markets or regulatory standards to which we were not previously subject;
- delays in our ability to implement internal standards, controls, procedures and policies in the businesses we acquire or gain ownership in through joint ventures and increased risk that our internal controls will be ineffective;
- operations in a nascent state depend directly on utilization by eXp Realty agents and brokers;
- adverse effects of acquisition and joint venture activity on the key performance indicators we use to monitor our performance as a business; and
- inability to fully realize intangible assets recognized through acquisitions or joint ventures and related non-cash impairment charges that may result if we are required to revalue such intangible assets.

Our failure to address these risks or any other challenges we encounter with our future acquisitions, joint ventures, and investments could cause us to not realize all or any of the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business, which could negatively impact our operating results, financial condition, and cash flows.

Our international operations are subject to risks not generally experienced by our U.S. operations.

In addition to operating in Canada, we expanded our business into Australia and the United Kingdom in 2019, and into South Africa, Portugal, France, Mexico, and India during 2020. Our international operations are subject to risks not generally experienced by our U.S. operations. The risks involved in our international operations and relationships that could result in losses against which we are not insured and, therefore, affect our profitability include:

- fluctuations in foreign currency exchange rates;
- exposure to local economic conditions and local laws and regulations;
- employment laws that are significantly different than U.S. laws;
- diminished ability to legally enforce our contractual rights and use of our trademarks in foreign countries;
- difficulties in registering, protecting or preserving trade names and trademarks in foreign countries;
- restrictions on the ability to obtain or retain licenses required for operations;
- withholding and other taxes on third party cross-border transactions as well as remittances and other payments by subsidiaries;
- onerous requirements, subject to broad interpretation, for indirect taxes and income taxes that can result in audits with potentially significant financial outcomes;
- changes in foreign taxation structures;
- compliance with the Foreign Corrupt Practices Act, the U.K. Bribery Act, or similar laws of other countries;
- uncertainties and effects of the implementation of the United Kingdom's agreement to withdraw its membership from the European Union (referred to as Brexit), including financial, legal and tax implications;
- government and health organization restrictions within the international locations in which we operate in response to the COVID-19 pandemic, which can be significantly different than those imposed within U.S. jurisdictions; and

- regional and country specific data protection and privacy laws including the GDPR.

In addition, activities of agents and brokers outside of the U.S. are more difficult and more expensive to monitor, and improper activities or mismanagement may be more difficult to detect. Negligent or improper activities involving our agents and brokers may result in reputational damage to us and may lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability which, if determined adversely, could increase costs, and subject us to incremental liability for their actions.

Loss of our current executive officers or other key management could significantly harm our business.

We depend on the industry experience and talent of our current executives. We believe that our future results will depend in part upon our ability to retain and attract highly skilled and qualified management. The loss of our executive officers could have a material adverse effect on our operations because other officers may not have the experience and expertise to readily replace these individuals. To the extent that one or more of our top executives or other key management personnel depart from the Company, our operations and business prospects may be adversely affected. In addition, changes in executives and key personnel could be disruptive to our business.

Failure to protect intellectual property rights could adversely affect our business.

Our intellectual property rights, including existing and future trademarks, trade secrets, patents and copyrights, are important assets of the business. We have taken measures to protect our intellectual property, but these measures may not be sufficient or effective. We may bring lawsuits to protect against the potential infringement of our intellectual property rights and other companies, including our competitors, could make claims against us alleging our infringement of their intellectual property rights. There can be no assurance that we would prevail in such lawsuits. Any significant impairment of our intellectual property rights could harm our business.

We have identified material weaknesses in our internal control over financial reporting in the past and have remediated the previously identified material weaknesses in 2020. If our remedial measures in future years are unsuccessful or inadequate, our financial statements could include material misstatements.

During its evaluation of the effectiveness of disclosure controls and procedures as of December 31, 2019, management identified material weaknesses in internal control over financial reporting. During 2020, we identified and implemented remedial measures to address the control deficiencies that led to the material weaknesses. However, there can be no assurance that remedial measures will prevent other control deficiencies or material weaknesses, and we may identify additional material weaknesses in our internal control over financial reporting in the future. If we are unable to remediate the material weaknesses or we identify additional material weaknesses in our internal control over financial reporting in the future, our ability to analyze, record and report financial information free of material misstatements, and to prepare our financial statements within the time periods specified by the rules and forms of the SEC may be adversely affected. The occurrence of, or failure to remediate, any further material weaknesses in our internal control over financial reporting may result in material misstatements, as well as negatively impact the reliability of our financial statements, our reputation, our business, and the trading price of our common stock, potentially leading to the suspension of trading on or delisting of our common stock from the NASDAQ stock exchange.

Risks Related to our Technology

If we do not remain an innovative leader in the real estate industry, we may not be able to grow our business and leverage our costs to achieve profitability.

Innovation has been critical to our ability to compete against other brokerages for clients and agents. For example, we have pioneered the utilization of a 3D immersive online office environment in the real estate market which reduces our need for office space and facilitates the transaction of business away from an office. If competitors follow our practices or develop innovative practices, our ability to achieve profitability may diminish or erode. For example, certain other brokerages could develop or license cloud-based office platforms that are equal to or superior to ours. If we do not remain on the forefront of innovation, we may not be able to achieve or sustain profitability.

The market for Internet products and services including, without limitation, 3D immersive experiences, virtual reality and augmented reality is characterized by rapid technological developments, evolving industry standards and consumer demands, and frequent new product introductions and enhancements. The Company's future success will depend in significant part on its ability to continually improve the performance, features and reliability of its Internet-based virtual environment, its tools and other properties in response to both evolving demands of the marketplace and competitive product offerings, and there can be no assurance that the Company will be successful in doing so. In addition, the widespread adoption of new virtual reality and augmented reality applications through new technology developments could require fundamental changes in the Company's services.

Our business could be adversely affected if we are unable to expand, maintain and improve the systems and technologies which we rely on to operate.

As the number of agents and brokers in our company grows, our success will depend on our ability to expand, maintain and improve the technology that supports our business operations, including, but not limited to, our cloud office platform. Loss of key personnel or the lack of adequate staffing with the requisite expertise and training could impede our efforts in this regard. If our systems and technologies lack capacity or quality sufficient to service agents and their clients, then the number of agents who wish to use our products could decrease, the level of client service and transaction volume afforded by our systems could suffer, and our costs could increase. In addition, if our systems, procedures or controls are not adequate to provide reliable, accurate and timely financial and other reporting, we may not be able to satisfy regulatory scrutiny or contractual obligations with third parties and may suffer a loss of reputation. Any of these events could negatively affect our financial position.

Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.

The performance and reliability of our systems and operations are critical to our reputation and ability to attract agents, teams of agents and brokers into our company as well as our ability to service home buyers and sellers. Our systems and operations are vulnerable to security breaches, interruption or malfunction due to events beyond our control, including natural disasters, such as earthquakes, fire and flood, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. In addition, we rely on third party vendors to provide the cloud office platform and to provide additional systems and related support. If we cannot continue to retain these services on acceptable terms, our access to these systems and services could be interrupted. Any security breach, interruption, delay or failure in our systems and operations could substantially reduce the transaction volume that can be processed with our systems, impair quality of service, increase costs, prompt litigation and other consumer claims, and damage our reputation, any of which could substantially harm our financial condition.

Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.

Cybersecurity threats and incidents directed at us could range from uncoordinated individual attempts to gain unauthorized access to information technology systems to sophisticated and targeted measures aimed at disrupting business or gathering personal data of customers. In the ordinary course of our business, we and our agents and brokers collect and store sensitive data, including proprietary business information and personal information about our customers. Our business, and particularly our cloud-based platform, is reliant on the uninterrupted functioning of our information technology systems. The secure processing, maintenance, and transmission of information are critical to our operations, especially the processing and closing of real estate transactions. Although we employ measures designed to prevent, detect, address, and mitigate these threats (including access controls, data encryption, vulnerability assessments, and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including potentially sensitive personally information of our customers) and the disruption of business operations. Any such compromises to our security could cause harm to our reputation, which could cause customers to lose trust and confidence in us, or could cause agents and brokers to stop working for us. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers and business partners. We may also be subject to legal claims, government investigation, and additional state and federal statutory requirements.

The potential consequences of a material cybersecurity incident include regulatory violations of applicable U.S. and foreign privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could have a material adverse effect on our competitiveness and results of operations.

Risks Related to Legal and Regulatory Matters

We offer our independent agents the opportunity to earn additional commissions through our revenue sharing plan, which pays under a multi-tiered compensation structure similar in some respects to network marketing. Network marketing is subject to intense government scrutiny, and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect our business.

Various laws and regulations in the United States and other countries regulate network marketing. These laws and regulations exist at many levels of government in many different forms, including statutes, rules, regulations, judicial decisions, and administrative orders. Network marketing regulations are inherently fact-based and often do not include "bright line" rules. Additionally, we are subject to the risk that the regulations, or a regulator's interpretation and enforcement of the regulations, could change. From time to time, we have received requests to supply information regarding our revenue sharing plan to regulatory agencies. We could potentially in the future be

required to modify our revenue sharing plan in certain jurisdictions in order to comply with the interpretation of the regulations by local authorities.

In the United States, the Federal Trade Commission (“FTC”) has entered into several highly publicized settlements with network marketing companies that required those companies to modify their compensation plans and business models. Those settlements resulted from actions brought by the FTC involving a variety of alleged violations of consumer protection laws, including misleading earnings representations by the companies’ independent distributors, as well as the legal validity of the companies’ business model and distributor compensation plans. FTC determinations such as these have created an ambiguity regarding the proper interpretation of the law and regulations applicable to network marketing companies in the U.S. Although a consent decree between the FTC and a specific company does not represent judicial precedent, FTC officials have indicated that the network marketing industry should look to these consent decrees, and the principles contained therein, for guidance. Additionally, following the issuance of these consent decrees, the FTC issued non-binding guidance to the network marketing industry, suggesting it was intending to reinforce the principles contained in the consent decrees and provide other operational guidance to the network marketing industry.

While we strive to ensure that our overall business model, and revenue sharing plan, are regulatory compliant in each of our markets, we cannot assure you that a regulator, if it were to review our business, would agree with our assessment and would not require us to change one or more aspects of our operations. Any action against us in the future by the FTC or another regulator could materially and adversely affect our operations.

We cannot predict the nature of any future law, regulation, or guidance, nor can we predict what effect additional governmental regulations, judicial decisions, or administrative orders, when and if promulgated, would have on our business. Failure by us, or our independent agents, to comply with these laws, could adversely affect our business.

We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, county and foreign governmental authorities, or private associations and governing boards.

We operate in a heavily regulated industry subject to complex, federal, state, provincial and local laws and regulations within the markets in which we operate and third-party organizations’ regulations, policies and bylaws governing the real estate business.

In general, the laws, rules and regulations that apply to our business practices include, without limitation, RESPA, the federal 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 NAR, local MLSs, and state and local AORs; 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 (“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.

As we expand our business into new international markets, including the United Kingdom, Australia, Portugal, Mexico, South Africa, India, and France, we are subject to additional foreign governmental regulation. Ensuring compliance with these newly applicable laws could substantially increase our operating expenses. In addition, entry into these new markets exposes us to increased risk and liability. For example, the European Union’s General Data Protection Regulation (“GDPR”) confers significant privacy rights on individuals (including employees and independent agents), and materially increased penalties for violations. A violation of any of these applicable laws could have a material adverse effect on our business.

Maintaining legal compliance is challenging and increases our 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.

We may not become aware of all the laws, rules and regulations that govern our 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.

If we fail, or we have alleged to have failed, to comply with any existing or future applicable laws, rules and regulations, we could be subject to lawsuits and administrative complaints and proceedings, as well as criminal proceedings. Our noncompliance could result in significant defense costs, settlement costs, damages and penalties.

Our business licenses could be suspended or revoked, our business practices enjoined, or we could be required to modify our business practices, which could materially impair, or even prevent, our ability to conduct all or any portion of our business. Any such events could also damage our reputation and impair our ability to attract and service home buyers, home sellers and agents, as well our ability to attract brokerages, brokers, teams of agents and agents to our company, without increasing our costs.

Further, if we lose our ability to obtain and maintain all of the regulatory approvals and licenses necessary to conduct business as we currently operate, our ability to conduct business may be harmed. Lastly, any lobbying or related activities we undertake in response to mitigate liability of current or new regulations could substantially increase our operating expenses.

We may suffer significant financial harm and loss of reputation if we do not comply, cannot comply, or are alleged to have not complied with applicable laws, rules and regulations concerning our classification and compensation practices for the agents in our owned-and-operated brokerage.

Except for our employed state brokers and commission only employees, all real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, like most brokerage firms, we are subject to the taxing authorities' regulations and applicable laws regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it might be determined that the independent contractor classification is inapplicable to any of our affiliated real estate professionals. Further, if legal standards for classification of real estate professionals as independent contractors change or appear to be changing, it may be necessary to modify our compensation and benefits structure for our affiliated real estate professionals in some or all of our markets, including by paying additional compensation or reimbursing expenses.

In the future we could incur substantial costs, penalties and damages, including back pay, unpaid benefits, taxes, expense reimbursement and attorneys' fees, in defending future challenges by our affiliated real estate professionals to our employment classification or compensation practices.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.

We are subject to risk of, and are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and proceedings arising from our business, including actions with respect to intellectual property, privacy, information security, data protection or law enforcement matters, tax matters, labor and employment, including claims challenging the classification of our agents and brokers as independent contractors and compliance with wage and hour regulations, and claims alleging violations of RESPA or state consumer fraud statutes, and commercial arrangements. We are also subject to risk related to shareholder derivative actions, standard brokerage disputes like the failure to disclose hidden defects in a property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including our agents, brokers, third-party service or product providers, and purported class action lawsuits.

We cannot predict with certainty the cost of defense, the cost of prosecution, insurance coverage or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards. Adverse results in such litigation and other proceedings may harm our business and financial condition. Class action lawsuits can often be particularly burdensome given the breadth of claims, large potential damages and significant costs of defense. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third party patents or other third party intellectual property rights. In addition, we may be required to enter into licensing agreements (if available on acceptable terms) and be required to pay royalties.

From time to time, we may become involved in lawsuits and legal proceedings which arise in the ordinary course of business. At present, we are not involved in any material pending legal proceeding, and there are no proceedings in which any of our directors, officers or affiliates is an adverse party or has a material interest adverse to our interest.

If we fail to protect the privacy and personal information of our customers, agents or employees, we may be subject to legal claims, government action and damage to our reputation.

Hundreds of thousands of consumers, independent contractors, and employees have shared personal information with us during the normal course of our business processing real estate transactions. This includes, but is not limited to, social security numbers, annual income amounts and sources, consumer names, addresses, telephone and cell phone numbers, and email addresses. To run our business, it is essential for us to store and transmit this sensitive information in our systems and networks. At the same time, we are subject to numerous laws, regulations, and other requirements that require businesses like ours to protect the security of personal information, notify customers and other individuals about our privacy practices, and limit the use, disclosure, or transfer of personal data across country borders. Regulators in the U.S. and abroad continue to enact comprehensive new laws or legislative reforms imposing significant

privacy and cybersecurity restrictions. The result is that we are subject to increased regulatory scrutiny, additional contractual requirements from corporate customers, and heightened compliance costs. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. For example, the European Union's GDPR conferred new and significant privacy rights on individuals (including employees and independent agents), and materially increased penalties for violations. In the U.S., California enacted the California Consumer Privacy Act—which went into full effect in 2020—imposing new and comprehensive requirements on organizations that collect and disclose personal information about California residents. In March 2017, the New York Department of Financial Services' cybersecurity regulation went into effect, requiring regulated financial institutions to establish a detailed cybersecurity program. Program requirements include corporate governance, incident planning, data management, system testing, vendor oversight, and regulator notification rules. Now, other state regulatory agencies are expected to enact similar requirements following the adoption of the Insurance Data Security Model Law by the National Association of Insurance Commissioners that is consistent with the New York regulation.

Any significant violations of privacy and cybersecurity could result in the loss of new or existing business, litigation, regulatory investigations, the payment of fines, damages, and penalties and damage to our reputation, which could have a material adverse effect on our business, financial condition, and results of operations.

We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition.

In addition, while we disclose our information collection and dissemination practices in a published privacy statement on our websites, which we may modify from time to time, we may be subject to legal claims, government action and damage to our reputation if we act or are perceived to be acting inconsistently with the terms of our privacy statement, customer expectations or state, national and international regulations. Our policy and safeguards could be deemed insufficient if third parties with whom we have shared personal information fail to protect the privacy of that information.

The occurrence of a significant claim in excess of our insurance coverage or which is not covered by our insurance in any given period could have a material adverse effect on our financial condition and results of operations during the period. In the event we or the vendors with which we contract to provide services on behalf of our customers were to suffer a breach of personal information, our customers and independent agents could terminate their business with us. Further, we may be subject to claims to the extent individual employees or independent contractors breach or fail to adhere to Company policies and practices and such actions jeopardize any personal information. Our legal liability could include significant defense costs, settlement costs, damages and penalties, plus, damage our reputation with consumers, which could significantly damage our ability to attract customers. Any or all of these consequences would result in meaningful unfavorable impact on our brand, business model, revenue, expenses, income and margins.

In addition, concern among potential home buyers or sellers about our privacy practices could result in regulatory investigations, especially in the European Union as related to the GDPR. Additionally, concern among potential home buyers or sellers could keep them from using our services or require us to incur significant expense to alter our business practices or educate them about how we use personal information.

Risks Related to Our Stock

Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, Jason Gesing, a director and the Chief Executive Officer of eXp Realty, and Gene Frederick, a director, own a significant percentage of our stock and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for our shares may be depressed, and they can take actions that may be adverse to the interests of our other stockholders.

On February 16, 2021, Glenn Sanford, Penny Sanford, Jason Gesing, and Gene Frederick filed an amended Schedule 13D with the Securities and Exchange Commission, which disclosed that they beneficially owned approximately 58.4% of our outstanding common stock as of February 16, 2021, and that they had agreed to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in a company with a controlling stockholder group. The group can significantly influence all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, due to his significant ownership stake and his service as our Principal Executive Officer and Chairman of the Board of Directors, Mr. Sanford controls the management of our business and affairs. Together, Messrs. Sanford, Gesing, and Frederick hold three of our seven board seats. This concentration of ownership and control could have the effect of delaying, deferring, or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to our other stockholders.

We are a “controlled company” within the meaning of NASDAQ rules, and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

As of February 16, 2021, Glenn Sanford, Penny Sanford, Jason Gesing, and Gene Frederick beneficially owned approximately 58.4% of the total combined voting power of our outstanding common stock. Accordingly, we qualify as a “controlled company” within the meaning of NASDAQ corporate governance standards.

Under NASDAQ rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a “controlled company” and may elect not to comply with certain NASDAQ corporate governance standards, including:

- the requirement that a majority of the members of our board of directors be independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter for addressing the committee’s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We intend to use these exemptions. As a result, we will not have a majority of independent directors, our compensation and our nominating and corporate governance committees will not consist entirely of independent directors, and such committees may not be subject to annual performance evaluations. Consequently, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance rules and requirements. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

Because we can issue additional shares of common stock, our stockholders may experience dilution in the future.

We are authorized to issue up to 220,000,000 shares of common stock, of which 146,677,786 shares were issued, and 144,143,292 shares were outstanding as of December 31, 2020. Our Board of Directors has the authority to cause us to issue additional shares of common stock without consent of any of our stockholders. Consequently, current stockholders may experience more dilution in their ownership of our common stock in the future.

The stock price of our common stock has been and likely will continue to be volatile and may decline in value regardless of our performance.

The market price for our common stock could fluctuate significantly for various reasons, many of which are outside our control, including those described above and the following:

- our operating and financial performance and prospects;
- future sales of substantial amounts of our common stock in the public market, including but not limited to shares we may issue as consideration for acquisitions or investments;
- housing and mortgage finance markets;
- our quarterly or annual earnings or those of other companies in our industry;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- changes in recommendations or analysis of our prospects by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actual or potential changes in laws, regulations and regulatory interpretations;
- changes in interest rates;
- changes in demographics relating to housing such as household formation or other consumer preferences toward home ownership;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- adverse resolution of new or pending litigation or regulatory proceedings against us;
- government and health organization restrictions within the domestic and international locations in which we operate in response to the COVID-19 pandemic; and
- changes in general market, economic and political conditions in the United States and global economies.

In addition, the stock markets have experienced periods of high price and volume fluctuations that have affected and continue to affect the market prices of the equity securities of many companies, including technology companies and real estate brokerages. Such price fluctuations can be unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and harm our business.

Because we do not intend to pay any cash dividends on our shares of common stock in the near future, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them.

Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and amended and restated bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board of Directors. Among other things, these provisions:

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power to a majority of the Board of Directors to fix the number of directors;
- provide the power to our Board of Directors to fill any vacancy on our Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- eliminate the ability of stockholders to call special meetings of stockholders; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

The foregoing factors could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock which, under certain circumstances, could reduce the market value of our common stock and our investors' ability to realize any potential change-in-control premium.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

Our principal corporate office is located at 2219 Rimland Drive, Suite 301, Bellingham, WA, and is leased office space. We also lease small office spaces in a number of regions in which we operate, in order to comply with regulatory and licensing requirements within those jurisdictions and, in certain instances, to provide office space to our managing brokers and drop-in space for our agents. In some of these instances, the managing brokers are financially responsible for a significant portion of the rental expense associated with a leased office space. We generally do not provide office space for the agents other than for drop-in service. We do not own any real property. We believe that leased facilities are adequate to meet current needs and that additional facilities will be available for lease to meet future needs.

Item 3. LEGAL PROCEEDINGS

Refer to Part II, Item 8. Financial Statements and Supplementary Data, Note 14 – Commitments and Contingencies to the consolidated financial statements included elsewhere within this report.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The common stock of eXp World Holdings, Inc. ("eXp", or, collectively with its subsidiaries, the "Company", "we", "us", or "our") is traded on the NASDAQ Global Market operated by NASDAQ, Inc. under the trading symbol "EXPI".

Trading in our common stock quoted on the NASDAQ Global Market is characterized by wide fluctuations in trading prices due to many factors, some of which may have little to do with our Company's operations or business prospects. We cannot assure investors that there will be a market for our common stock in the future.

Holders of Record

As of February 22, 2021, there were approximately 60,000 stockholders of record.

Dividends

The Company has not paid cash dividends on its common stock in previous periods, including during the year ended December 31, 2020. Payment of cash dividends is at the discretion of the Company's Board of Directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, we can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that we will pay any dividends to our common stockholders, or as to the amount of any such dividends.

Common Stock Split

On January 15, 2021, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend to shareholders of record as of January 29, 2021 (the "Stock Split"). The Stock Split was effected on February 12, 2021. All shares, restricted stock units ("RSU"), stock options, and per share information have been retroactively adjusted to reflect the stock split.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. No date has been established for the completion of the share repurchase program, and we are not obligated to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate. Repurchases under the program can be discontinued at any time management feels additional repurchases are not warranted.

Refer to Note 11 – Stockholders' Equity to the consolidated financial statements herein for more details regarding our stock repurchase program.

The following table provides information about repurchases of our common stock during the quarter ended December 31, 2020:

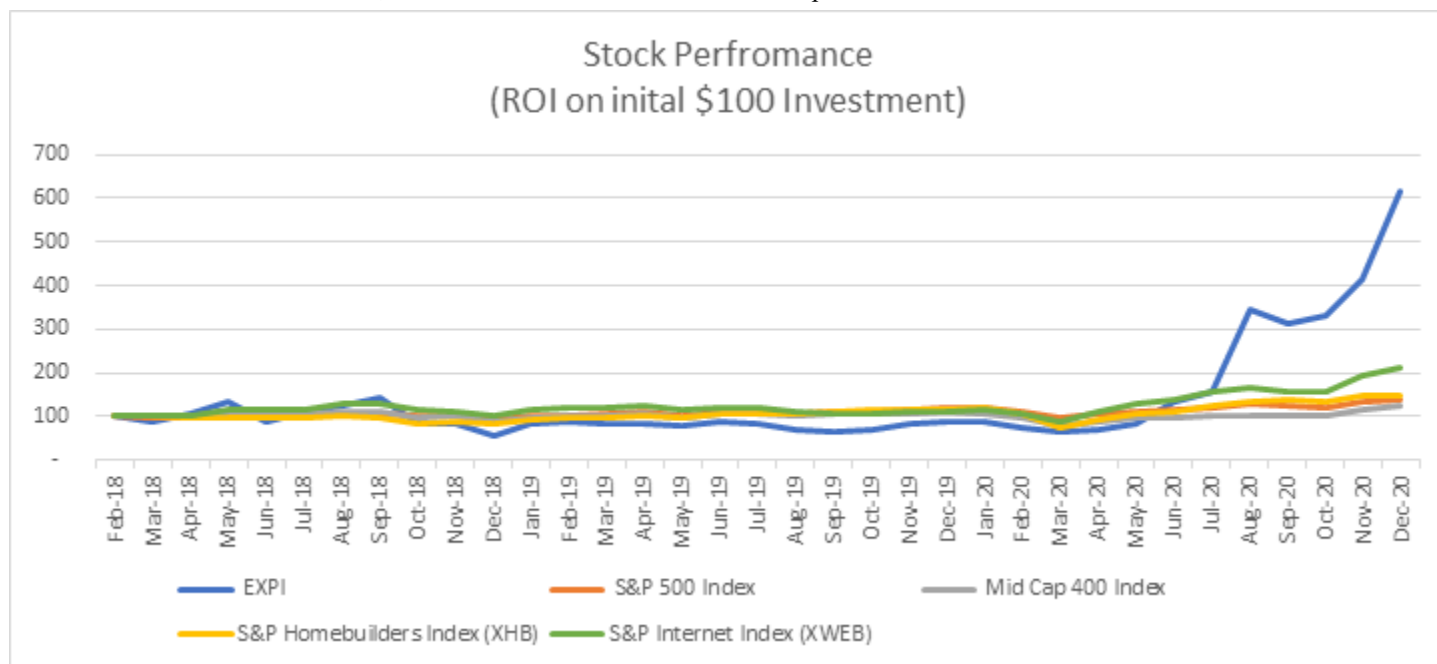
Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plans or programs
10/1/20 - 10/31/20	60,550	\$ 51.47	60,550	\$ 386,636,510
11/1/20 - 11/30/20	58,859	46.36	58,859	383,914,917
12/1/20 - 12/31/20	45,333	67.43	45,333	380,914,933
Total	164,742	\$ 55.09	164,742	

⁽¹⁾ The repurchase program began on January 2, 2019 and was set to expire on June 28, 2019. On June 12, 2019, the Company, under authorization from the Board of Directors, amended the plan. The amended plan extended the repurchase program through December 31, 2019. On November 26, 2019, the Company announced the approval to increase the authorization limits of the Company's stock repurchase program by the Board. The Board agreed to extend the stock repurchase program through the fourth quarter of 2020 and to increase the authorization for the stock repurchase program from \$25.0 million to \$75.0 million of the Company's common stock. The Company discontinued the repurchase program in March 2020 and subsequently reinstated it in June 2020 with a maximum authorization of \$75.0 million. In December 2020, the Board approved an increase to the total amount of its buyback program from \$75.0 million to \$400.0 million. The stock repurchase program is more fully disclosed in Note 11 – Stockholders' Equity to the consolidated financial statements. Repurchased shares were not impacted by the Stock Split; therefore, the number of shares and average price paid per share are reported on a pre-Stock Split basis.

Company Stock Performance

The following stock performance table is not deemed "soliciting material" or subject to Section 18 of the Securities Exchange Act of 1934.

The following graph compares the performance of our common stock to the Standard & Poor's ("S&P") 500 Index, the S&P MidCap 400 Index, the S&P Homebuilders Select Industry Index, and the S&P Internet Select Industry Index by assuming \$100 was invested in each investment option as of February 28, 2018, which represents the month our common stock began trading on the NASDAQ. The S&P 500 Index is a capitalization-weighted index of domestic equities of the largest companies traded on the NYSE and NASDAQ. The S&P MidCap 400 Index measures the performance of the U.S. middle market capitalization ("midcap") equities sector. The S&P Homebuilders Select Industry Index is a diversified group of holdings representing home building, building products, home furnishings and home appliances. The S&P Internet Select Industry Index is comprised of U.S. equities of internet and direct marketing retail, internet services and infrastructure, and interactive media and services companies.



Year	Feb-18	Dec-18	Dec-19	Dec-20
EXPI	\$ 100	\$ 55	\$ 88	\$ 618
S&P 500 Index	\$ 100	\$ 92	\$ 119	\$ 136
Mid Cap 400 Index	\$ 100	\$ 89	\$ 111	\$ 123
S&P Homebuilders Index (XHB)	\$ 100	\$ 81	\$ 114	\$ 148
S&P Internet Index (XWEB)	\$ 100	\$ 100	\$ 109	\$ 213

Item 6. SELECTED FINANCIAL DATA

Reserved.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to inform the reader about matters affecting the financial condition and results of operations of eXp World Holdings, Inc. and its subsidiaries for the three-year period ended December 31, 2020. The following discussion should be read together with our consolidated financial statements and related notes included elsewhere within this report. This discussion contains forward-looking statements that constitute our estimates, plans, and beliefs. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Forward-Looking Statements" and "Item 1A. – Risk Factors" included elsewhere within this Annual Report on Form 10-K for a discussion of certain risks, uncertainties, and assumptions associated with these statements.

This section generally discusses items pertaining to and comparisons of financial results between 2020 and 2019. Discussions of 2018 items and comparisons between 2019 and 2018 financial results can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 MD&A"). The 2019 MD&A is incorporated by reference herein from Part II, Item 7 of our Annual Report on Form 10-K dated March 12, 2020 (Commission File No. 001-38493).

This MD&A is divided into the following sections:

- Overview
- Market Conditions and Industry Trends
- Key Business Metrics
- Recent Business Developments
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Non-U.S. GAAP Financial Measures

All dollar amounts are in USD thousands except share amounts and per share data and as otherwise noted.

OVERVIEW

We operate one of the world's fastest growing real estate brokerage businesses utilizing a cloud-based model that enables a variety of businesses to operate remotely and supported by a technology platform that allows our independent agents and brokers the ability to provide a suite of more efficient and cost effective services to home buyers and sellers.

While we do not consider acquisitions a critical element of our ongoing business, we seek opportunities to expand and enhance our portfolio of solutions.

Strategy

Our strategy is to grow organically in the North American and certain international markets by increasing our independent agent and broker network. Additionally, we intend to continue our advancement into more international markets. Through our cloud-based operations and technology platform, we strive to achieve customer-focused efficiencies that allow us to increase market share and attain strong returns as we scale our business within the markets in which we operate. By building partnerships and strategically deploying capital, we seek to grow the business and enter into attractive verticals and markets.

During 2020, we believe that we made progress towards achieving our strategic goals, including an increase in our agent count of 63%. The expected outcome of these activities will be to better position us to deliver on our full potential, to provide a platform for future growth opportunities, and to achieve our long-term financial goals.

MARKET CONDITIONS AND INDUSTRY TRENDS

Our business is dependent on the economic conditions within the markets for which we operate. Changes in these conditions can have a positive or negative impact on our business. The economic conditions influencing the housing markets primarily include economic growth, interest rates, unemployment, consumer confidence, mortgage availability and supply and demand.

In periods of economic growth, demand typically increases resulting in increasing home sales transactions and home sales prices. Similarly, a decline in economic growth, increasing interest rates and declining consumer confidence generally decreases demand. Additionally, regulations imposed by local, state, and federal government agencies, and geopolitical instability, can also negatively impact the housing markets for which we operate.

For the year ended December 31, 2020, the COVID-19 pandemic materially and adversely affected businesses worldwide. The magnitude and duration of the impact from COVID-19 are not fully known and cannot be reasonably estimated. While the pandemic has been ongoing for much of the fiscal year, there is still significant volatility and uncertainty surrounding the outlook of the global economy. The impact to the Company for the year ended December 31, 2020 has been less significant than anticipated. We believe that once COVID-19 is further contained the economy will continue to rebound depending on the continued pace, rate, and effectiveness of lifting public health restrictions on businesses and individuals and how quickly people become comfortable engaging in public activities.

According to the National Association of Realtors ("NAR"), the housing market is past the recovery phase from the initial downturn during the beginnings of the COVID-19 pandemic. Current home sales are now at pre-pandemic level, which is due to significant increase in demand. The sizable shift to remote work, which has led to current homeowners looking for larger homes and vacation homes, and the continued historic low interest rates have accelerated housing demand. These low mortgage rates are also allowing more buyers to enter the market. According to the NAR housing statistics, existing home sales, adjusted for seasonality, totaled 6.8 million in 2020, up 22.2% from 2019 and the most annual home sales since the 2008 recession. However, housing inventory declined to 1.07 million and a 1.9-month supply, which are both historic lows. The NAR reported that pending home sales slipped 0.3% in December 2020, indicating a slowing in contract activity, mostly impacted by seasonally activity and inventory levels. The index measures housing

contract activity and is based on signed real estate contracts for existing single-family homes and condos. However, given the overall uncertainty of the global pandemic, we continue to monitor and assess any potential impacts of the pandemic on our business, results of operations and financial condition as well as recognize the uncertainty inherent in the NAR forecast.

The Company is positioned to continue to grow in light of a series of fluctuations in economic activity and performed better than expected throughout 2020. However, depending on the continued course of the COVID-19 pandemic, specifically in key areas of operations, it is too early to predict the full extent of the effects the COVID-19 pandemic will have on our Company moving into 2021.

Regardless of whether the housing market continues to grow or slows, we believe that we are positioned to leverage our low-cost, high-engagement model, affording agents and brokers increased income and ownership opportunities while offering a scalable solution to brokerage owners looking to survive and thrive in a series of fluctuations in economic activity.

National Housing Inventory

Prior to December 31, 2020, increased demand and low mortgage rates caused inventory levels to decline to record lows. With government implemented actions in response to COVID-19, fewer individuals are listing their homes and construction of new homes has slowed. Due to these factors, year over year inventory has decreased further. According to the NAR, inventory of existing homes for sale in the U.S. was 1.1 million as of December 2020 (preliminary) compared to 1.4 million at the end of December 2019. The NAR indicated the need for new home construction due to the high demand of homes and the record-low inventory levels.

Mortgage Rates

According to the NAR, mortgage rates on commitments for 30-year, conventional, fixed-rate mortgages averaged 3.1% for the 2020, compared to 3.9% for 2019. Mortgage rates are forecasted to decrease to 3.0% throughout 2021 and increase minimally to 3.4% in 2022. Mortgage rates are expected to remain low through 2021. Low mortgage rates are expected to continue to contribute to overall high demand for home-buying.

Housing Affordability Index

According to the NAR, the composite housing affordability index increased to 171.8 for December 2020 (preliminary) from 167.2 for December 2019. The housing affordability index continues to be at historically favorable levels. When the index is above 100, it indicates that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20 percent down payment and ability to qualify for a mortgage. The favorable housing affordability index is due to favorable mortgage rate conditions. However, as housing prices continue to climb due to low inventory and high demand and in light of the higher unemployment rate and the ongoing COVID-19 pandemic, it is still too early to predict the extent to which the effects of these factors will have on unemployment and housing affordability.

Existing Home Sales Transactions and Prices

According to the NAR, seasonally adjusted existing home sale transactions for the year ended December 2020 (preliminary) increased to 6.8 million compared to 5.5 million for the year ended December 2019. The NAR anticipates transactions to continue with pace however due to low inventory level recovery may not be sustainable.

According to the NAR, nationwide existing home sales average price for December 2020 (preliminary) was \$309 compared to \$275 in December 2019. Due to low supply and high demand, the average sale price is expected to increase through 2021. However, it is still too early to predict the extent of the effects of the ongoing COVID-19 pandemic will have on home sales prices.

KEY BUSINESS METRICS

Management uses our results of operations, financial condition, cash flows, and key business metrics related to our business and industry to evaluate our performance and make strategic decisions.

The following table outlines the key business metrics that we periodically review:

	Year Ended December 31,		
	2020	2019	2018
	<i>(Dollar amounts in thousands)</i>		
Performance:			
Agent count	41,313	25,423	15,570
Transactions	238,981	135,322	74,678
Volume	\$ 72,206,457	\$ 38,215,998	\$ 19,799,161
Revenue	\$ 1,798,285	\$ 979,937	\$ 500,148
Gross margin	8.9%	8.6%	8.1%
Adjusted EBITDA	\$ 57,841	\$ 12,649	\$ 2,410

⁽¹⁾ Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income, or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Non-U.S. GAAP Financial Measures”.

We periodically evaluate trends in certain metrics to track the Company’s performance.

Our strength is attracting real estate agent and broker professionals that contribute to our growth. Brokerage real estate transactions are recorded when our agents and brokers represent buyer and/or sellers in the purchase or sale, respectively, of a home. The number of real estate transactions are key drivers of our revenue and profitability. Real estate transaction volume represents the total sales value for all homes sold by our agents and brokers and is influenced by several market factors, including, but not limited to, the pricing and quality of our services and market conditions that affect home sales, such as macroeconomic factors, local inventory levels, mortgage interest rates, and seasonality. Real estate transaction revenue represents the commission revenue earned by the Company for closed brokerage real estate transactions.

We continue to increase our agents and brokers significantly in the United States and Canada through the execution of our growth strategies. In the fourth quarter of 2019, we expanded operations to the U.K. and Australia. By the end of 2020, the Company expanded into other countries, including Mexico, South Africa, France, India, and Portugal. The rate of growth of our agent and broker base is difficult to predict and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. The Company’s agent base and transactions have not been significantly impacted throughout the global COVID-19 pandemic, however the full effect on these factors will continue to depend on the duration and severity of the COVID-19 pandemic.

Settled home sales transactions and volume resulted from closed real estate transactions and typically change directionally with changes in the market existing home sales transactions as reported by the NAR, as disproportionate variances are representative of company-specific improvements or shortfalls to the norm. Our home sale transactions growth was directly related to the growth of our agent base over the prior comparative period.

We utilize gross margin, a financial statement measures based on generally accepted accounting principles in the U.S. (“U.S. GAAP”) to assess eXp’s financial performance from period to period.

Gross margin is calculated from U.S. GAAP reported amounts and equals the difference between revenue and cost of sales (i.e., gross profit) as a percentage of total revenue. Commissions and other agent-related costs represent the cost of sales for the Company. The cost of sales does not include depreciation or amortization expenses as the Company’s assets are not directly used in the production of revenue. Gross margin is based on the information provided in our results of operations or our consolidated statements of comprehensive income (loss), and is an important measure of our potential profitability and brokerage performance. For the years ended December 31, 2020, 2019, and 2018, gross margin was 8.9%, 8.6%, and 8.1%, respectively. Gross margin has improved each year due to efforts to improve our cost structure, including lower revenue share costs relative to total revenue and the reduction of the discount for shares issued under our agent equity program effective January 1, 2020.

Management also reviews Adjusted EBTIDA, which is a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. Adjusted EBITDA has grown significantly for the years ended December 31, 2020, 2019, and 2018 due to our revenue growth and improvements in our cost structure.

RECENT BUSINESS DEVELOPMENTS

Real Estate Brokerage Initiatives

Global Expansion of Our Real Estate Cloud Brokerage

In the fourth quarter of 2019, the Company announced its first international expansion outside of North America into Australia and the U.K. During the fourth quarter of 2020, the Company initiated operations in France, India, Mexico, Portugal, and South Africa. The Company continues to pursue growth opportunities into new global markets. In addition to the international expansion, the Company continues to also focus on growth in the United States and in Canada.

Agent and Employee Experience

The Company has embarked on an initiative to better understand both its agents and employee experience. In doing so, we have adopted many of the principles of the Net Promoter Score® (NPS) across many aspects of our organization. NPS is a measure of customer satisfaction and is measured on a scale between -100 and 100. A NPS above 50 is considered excellent. The Company's agent NPS was 73 in the fourth quarter of 2020. Whether it be the overall question "How likely are you to recommend eXp to your colleagues, friends, or family?" or more granular inquiries as to specific workflows or service offerings, we believe this will ensure we are delivering on the most important values to our agents and employees. In turn, this often leads to enthusiastic fans of eXp who will promote our Company and continue leading us through strong organic growth.

This also ties into one of our core values of transparency. While we strive for high satisfaction, it is equally important to investigate a low or unfavorable trending of NPS. As NPS scores are often leading indicators to agents and employees' future actions, we are able to learn quickly what may be a 'pain point' or product that is not meeting its desired objective. We then take that information and translate it into action with an effort to remediate the specific root cause(s) driving the lower score. This fast and iterative approach has already led to improvements in such parts of our business such as agent onboarding, commission transaction processing, and employee benefits.

Agent Ownership

The Company maintains an equity incentive program whereby agents and brokers of eXp Realty can become eligible for awards of the Company's common stock through the achievement of production and agent attraction benchmarks. Under our equity incentive program, agents and brokers who qualify are issued shares of the Company's common stock, and it continues to be another element in creating a culture of agent-ownership.

Our agent compensation plans represent a key lever in our strategy to attract and retain independent agents and brokers. The costs attributable to these plans are also a significant component of our commission structure and results of operations. Agents and brokers can elect to receive 5% of their commission payable in the form of Company common stock. Prior to January 1, 2020, we issued share-based compensation to our agents and brokers at a 20% discount to the market price of our common stock, which changed to a 10% discount for issuances beginning in January 2020 and had a direct and positive impact on gross margin above. Our operational strategy and the importance of the agent compensation plans to our strategy have not changed; however, the financial impact of the change in the discount has had a meaningful effect on our results of operations. Our stock repurchase program and agent growth incentive program are more fully disclosed in Note 11 – Stockholders' Equity to the consolidated financial statements.

Technology Products and Services

We continue developing the core Virbela software platform and its underlying infrastructure through our subsidiary, eXp World Technologies, LLC ("World Tech"), to accommodate for the increasing use and scale required to support our eXp Realty division. In 2019, we released a new product centered on the concept of an open campus whereby small and independent organizations may utilize sub spaces as part of a larger campus similar to collaborative environments that currently exist in the physical brick and mortar world. In the first quarter of 2020, Virbela began offering virtual events in conjunction with Event Farm. Given the current environment due to the COVID-19 pandemic, there is an acute need for virtual workplace collaboration. For the year ended December 31, 2020, Virbela has seen an increase in demand for virtual events and collaborative spaces for remote teams and as a result has introduced new products and features including, an expo hall, a concert stage for virtual entertainment, VR support for Oculus Rift and HTC VIVE, and screen sharing and video chat capabilities. Lastly, we expect to continue to service existing and new business-to-business enterprise level contracts in the coming year.

On July 31, 2020, the Company acquired all of the equity ownership interests in Showcase Web Sites, L.L.C. ("Showcase") for cash consideration of \$1.5 million and promissory notes in the aggregate principal amount of \$1.5 million (the "Showcase Acquisition"). Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by our independent agents and brokers, as well as continued services offerings to third party clients of Showcase.

Affiliated Services

Recent acquisitions and partnerships have allowed us to begin offering to customers more products and services complementary to our real estate brokerage business. These affiliated services include mortgage origination, title, escrow, and settlement services, which we can now provide as a more inclusive offering in addition to our brokerage services. We anticipate continued growth and investment in these service offerings through 2021; however, actual performance will depend directly on utilization by eXp Realty agents and brokers and the on-going and fluctuating government implemented restrictions due to the COVID-19 pandemic.

On December 4, 2020, the Company acquired all of the equity ownership interests in Success Enterprises LLC (“Success”) and its related media properties, including *SUCCESS*® print magazine, SUCCESS.com, *SUCCESS*® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms for cash consideration of \$8.0 million. With the addition of Success, eXp intends to blend its technology and content to enhance the personal development platform for entrepreneurs and sales professionals.

RESULTS OF OPERATIONS

Year ended December 31, 2020 vs. Year ended December 31, 2019

	Year Ended December 31, 2020	% of Revenue	Year Ended December 31, 2019	% of Revenue	Change 2020 vs. 2019	
					\$	%
<i>(In thousands, except share amounts and per share data)</i>						
Statement of Operations Data:						
Revenues	\$ 1,798,285	100%	\$ 979,937	100%	\$ 818,348	84%
Operating expenses						
Commissions and other agent-related costs	1,638,674	91%	895,882	91%	742,792	83%
General and administrative expenses	122,801	7%	89,035	9%	33,766	38%
Sales and marketing expenses	5,223	-%	3,799	-%	1,424	37%
Total operating expenses	1,766,698	98%	988,716	101%	777,982	79%
Operating income (loss)	31,587	2%	(8,779)	(1)%	40,366	460%
Other expense, net	184	-%	281	-%	(97)	(35)%
Income (loss) before income tax expense	31,403	2%	(9,060)	(1)%	40,463	447%
Income tax expense	413	-%	497	-%	(84)	(17)%
Net income (loss)	30,990	2%	(9,557)	(1)%	40,547	424%
Add back: Net loss attributable to noncontrolling interest	141	-%	29	-%	112	386%
Net income (loss) attributable to eXp World Holdings, Inc.	\$ 31,131	2%	(\$ 9,528)	(1)%	\$ 40,659	427%
Adjusted EBITDA ⁽¹⁾	\$ 57,841	3%	\$ 12,649	1%	\$ 45,192	357%
Earnings (loss) per share ⁽²⁾						
Basic	\$ 0.22		(\$ 0.08)		\$ 0.30	397%
Diluted	\$ 0.21		(\$ 0.08)		\$ 0.28	373%
Weighted average shares outstanding ⁽²⁾						
Basic	138,572,358		126,256,407			
Diluted	151,550,075		126,256,407			

⁽¹⁾ Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income, or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Non-U.S. GAAP Financial Measures”.

⁽²⁾ Earnings per share and weighted average shares outstanding have been adjusted for the impact of the two-for-one stock split in the form of a stock dividend effected on February 12, 2021 (the “Stock Split”) for all periods presented.

Revenue

Our total revenues were \$1,798.3 million in 2020 compared to \$979.9 million in 2019, an increase of \$818.3 million, or 84%. Total revenues increased primarily as a result of higher volume of real estate brokerage commissions, which is directly related to our increase in agent count of 63% compared to 2019. Higher average home sales price also contributed to the increase of revenue marginally.

Commission and Other Agent Related Costs

Commission and other agent-related costs were \$1,638.7 million in 2020 compared to \$895.9 million in 2019, an increase of \$742.8 million, or 83%. Commission and other agent related costs include sales commissions paid and are reduced by agent related fees. Commission and other agent related costs increased primarily as a result of an increase in settled real estate transactions and growth in our agent base.

General and Administrative Expense

General and administrative expenses were \$122.8 million in 2020 compared to \$89.0 million in 2019, an increase of \$33.8 million, or 38%. General and administrative expenses include costs related to wages, including stock compensation, and other general overhead expenses. General and administrative expenses increased primarily as a result of an increase of \$22.7 million in compensation related expenses including salaries, contract labor, employee benefits, and payroll taxes and processing. The Company had an increase in stock compensation expense of \$2.8 million. These increases are a direct result of the Company's increase in employee and agent count. Employees increased from 634 in 2019 to 900 in 2020, representing growth in headcount of 42%. The Company's agent base increased by 63%. Also, in support of the Company's business operations, computer and software costs increased \$3.6 million compared to prior year, mostly consisting of online subscriptions and security and virus protection. Finally, \$2.3 million of the increase in general and administrative expenses is related to professional fees including accounting, legal, and other consulting. These increases are directly related to the Company's continued revenue growth, international expansion and new business ventures.

Sales and Marketing

Sales and marketing expenses were \$5.2 million in 2020 compared to \$3.8 million in 2019, an increase of \$1.4 million, or 37%. Sales and marketing costs include lead capture costs and promotional materials. Sales and marketing expenses increased primarily as a result of an increase in advertising costs of \$0.7 million.

Other Expense, Net

Other expense includes amortization expense of the present value adjustment to our stock payable and start-up costs. There were no significant changes in other expense in 2020 compared to 2019.

Income Tax Benefit (Expense)

The Company's provision for income taxes amounted to \$0.4 million, a decrease of \$0.1 million, or 17%, for the year ended December 31, 2020 compared to the same period in 2019. The decrease in income tax expense was primarily attributable to the geographic mix of earnings. Higher deductible share-based compensation expenses represented most of the decrease in effective tax rate, partially offset by the change in valuation allowance on deferred tax assets and higher state taxes incurred in 2020 compared to 2019. Refer to Critical Accounting Policies and Estimates within this MD&A and Note 13 – Income Taxes to the consolidated financial statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are our cash and cash equivalents on hand and cash flows generated from our business operations. Our ability to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to fund our operations and capital expenditures, repurchase our common stock, and meet obligations as they become due. At present, our cash and cash equivalents balances and cash flows from operations have strengthened primarily due to transaction volume growth and improved cost leverage over the prior five years, especially during 2019 and 2020, attributable to the expansion of our independent agent and broker network and, to a lesser extent, increased average prices of home sales.

Currently, our primary use of cash on hand is to sustain and grow our business operations, including, but not limited to, commission and revenue share payments to agents and brokers and cash outflows for operating expenses. Our current capital deployment strategy for 2021 is to utilize excess cash on hand to support our growth initiatives into select markets and enhance our technology platforms and for repurchases of our common stock. As of December 31, 2020, the Company is not party to any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources. In addition, the Company has no known material cash requirements as of December 31, 2020 relating to capital expenditures, commitments, or human capital (except as passthrough commissions to agents and brokers concurrent with settled real estate transactions). The cash requirements for the upcoming fiscal year relate to our leases and our debt associated with acquisitions. For information regarding the Company's expected cash requirement related to leases, see Note 10 – Leases to the consolidated financial statements. Cash requirements associated with our acquisitions include a \$0.5 million cash payment related to the principal amount of promissory notes issued to the previous owners of Showcase and a \$1.0 million payment of cash or common stock of the Company to the previous owners of Virbela both due in 2021. A final cash payment of \$1.0 million for the settlement of the promissory notes issued to the previous owners of Showcase will be due in 2022.

We believe that our existing balances of cash and cash equivalents and cash flows expected to be generated from our operations will be sufficient to satisfy our operating requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our level of investment in technology, our rate of growth into new markets, and cash used to repurchase shares of the Company's common stock. Our capital requirements may be affected by factors which we cannot control such as the changes in the residential real estate market, interest rates, and other monetary and fiscal policy changes to the manner in which we currently operate. In order to support and achieve our future growth plans, we may need or seek advantageously to obtain additional funding through equity or debt financing. We believe that our current operating structure will facilitate sufficient cash flows from operations to satisfy our expected long-term liquidity requirements beyond the next twelve months.

We currently do not hold any bank debt, nor have we issued any debt instruments through public offerings or private placements. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would likely suffer. As of December 31, 2020, our cash and cash equivalents totaled \$100.1 million. Cash equivalents are comprised of financial instruments with an original maturity of 90 days or less from the date of purchase, primarily money market funds. We currently do not possess any marketable securities.

Net Working Capital

Net working capital is calculated as the Company's total current assets less its total current liabilities. The following table presents our net working capital for the periods presented:

	December 31, 2020	December 31, 2019
Current assets	\$ 212,225	\$ 78,819
Current liabilities	(96,650)	(41,965)
Net working capital	<u>\$ 115,575</u>	<u>\$ 36,854</u>

As of December 31, 2020, net working capital increased \$78.7 million, or 214%, compared to the comparable prior year period, primarily due to an increase in cash and cash equivalents of \$60.1 million and accounts receivable of \$48.8 million resulting from pending real estate transactions. In correlation to the number of pending real estate transactions, accrued expenses increased \$31.7 million, which included higher commissions payable of \$20.7 million.

Cash Flows

The following table presents our cash flows for the periods presented:

	Year Ended December 31,		
	2020	2019	2018
Cash provided by operating activities	\$ 119,659	\$ 55,186	\$ 24,311
Cash used in investment activities	(16,963)	(6,690)	(8,859)
Cash used in financing activities	(21,893)	(24,569)	2,015
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	47	106	(21)
Net change in cash, cash equivalents and restricted cash	<u>\$ 80,850</u>	<u>\$ 24,033</u>	<u>\$ 17,446</u>

For the year ended December 31, 2020, cash provided by operating activities increased \$64.5 million compared to the same period in 2019. The change resulted primarily from the increased volume in our real estate sales transactions, improved cost leverage, increase in customer deposits, and higher participation by our agents and brokers in our agent stock compensation programs. See Note 11 – Stockholders' Equity to the consolidated financial statements for further details related to this program.

For the year ended December 31, 2020, cash used in our investing activities increased primarily due to higher cash used for business acquisitions of approximately \$9.0 million and an increase of \$1.4 million in capital expenditures. As we continue to develop and refine our cloud-based platforms and continue to accelerate our business in innovative ways, we expect to continue to use our existing cash resources on similar expenditures for the next twelve months.

For the year ended December 31, 2020, the decrease in cash flows used in financing activities primarily related to higher proceeds received from the exercise of stock options of \$4.6 million, partially offset by higher repurchases of our common stock of \$2.3 million compared to the prior year period.

Outlook

As we continue to scale our Company in the future and increase market share, we expect to continue invest in the business and drive strong growth in the U.S. and international markets.

These operating ambitions are not forecasts and do not reflect our expectations, but rather are aspirational targets for future performance that may never be realized. These statements involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in them. Factors include, among others, (i) changes in demand

for the Company's services and changes in consumer behavior; (ii) macroeconomic conditions beyond our control; (iii) the Company's ability to effectively maintain its infrastructure to support its operations and initiatives; (iv) the impact of governmental regulations related to the Company's operations; and (v) other factors, as described in this Annual Report on Form 10-K in Part II, Item 1A, "Risk Factors."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires us to make certain judgments and assumptions, based on information available at the time of our preparation of the financial statements, in determining accounting estimates used in the preparation of the statements. Our significant accounting policies are described in Note 2 – Summary of Significant Accounting Policies to the consolidated financial statements.

Accounting estimates are considered critical if the estimate requires us to use judgments and/or make assumptions about matters that were uncertain at the time the accounting estimate was made and if different accounting estimates could have been used in the reporting period or changes in the accounting estimates are likely to occur that would have a material impact on our financial condition, results of operations or cash flows.

Stock-based compensation

Our stock-based compensation is comprised of agent growth incentive programs, agent equity program, and stock option awards. The Company accounts for stock-based compensation granted to employees and non-employees using a fair value method. Stock-based compensation awards are measured at the grant date fair value, and the stock-based compensation cost is recognized over the requisite service period of the awards, usually the vesting period, on a straight-line basis, net of forfeitures. The Company reduces recorded stock-based compensation for forfeitures when they occur.

Recognition of compensation cost for an award with a performance condition is based on the probable outcome of that performance condition being met. The Company estimates the share-based liability based on estimated performance probabilities based on our most recent estimates on probable achievement of the performance measures established under our agent growth incentive program. These estimates calculated based on the agent's historical performance for each award type. Also, the requisite service period at the grant date of performance awards is estimated based on the probability of the period of time it will take an agent to meet the performance metric. The value of the stock award is amortized over this period and recognized as stock compensation expense starting on the grant date.

If factors change causing different assumptions to be made in future periods, estimated compensation expense may differ significantly from that recorded in the current period. See Note 11 – Stockholders' Equity to the consolidated financial statements for more information regarding the assumptions used in estimating the fair value of our awards.

Revenue recognition

The Company generates substantially all of its revenue from real estate brokerage services and generates a de minimis portion of its revenues from software subscription and professional services.

Real Estate Brokerage Services

The Company serves as a licensed broker in the areas in which it operates for the purpose of processing real estate transactions. The Company is contractually obligated to provide services for the fulfillment of transfers of real estate between buyers and sellers. The Company provides these services itself and controls the services necessary to legally represent the transfer of the real estate. Correspondingly, the Company is defined as the principal. The Company, as principal, satisfies its obligation upon the closing of a real estate transaction. As principal, and upon satisfaction of our obligation, the Company recognizes revenue in the gross amount of consideration to which we expect to be entitled to.

Revenue is derived from assisting home buyers and sellers in listing, marketing, selling and finding real estate. Commissions earned on real estate transactions are recognized at the completion of a real estate transaction once we have satisfied our performance obligation. Agent related fees are currently recorded as a reduction to commissions and other agent related costs.

At each reporting period, we estimate revenue for closed transactions for which we have not yet received the closing documents due to timing of when a transaction settles. Additionally, provisions for anticipated differences between consideration due and amounts expected to be received are estimated and recorded to revenue. A hypothetical change of 10% in the accrual for estimated revenue would have impacted total revenue by approximately \$4.3 million and pre-tax income by approximately \$0.5 million for the year ended December 31, 2020. Although all differences in the historical reported amounts (including the most recent fiscal year) have been immaterial, estimated revenue could materially differ from actual results and could have an adverse impact to the Company's results of operations and financial condition.

Technology Services and Products

The Company earns a de minimis amount of subscription revenue that is derived from fees from users to access the Company's virtual reality software platform. The terms of our subscriptions do not provide customers the right to take possession of the software. Subscription revenue is generally recognized ratably over the contract term.

Professional services revenue is derived from implementation and consulting services. Professional services revenue is typically recognized over time as the services are rendered, using an efforts-expended (labor hours) input method.

Software subscription and professional services revenue accounts for approximately 1% of all revenue for each of the years ended December 31, 2020, 2019, and 2018.

Accounts receivable and expected credit losses

The Company's accounts receivable includes agent non-commission based fees, agent short-term advances, and commissions receivable for real estate property settlements. The majority of the Company's accounts receivable is derived primarily from real estate property settlements, which are in-substance guaranteed because they represent commission payments on closed transactions. The accounts receivable are typically unsecured.

The allowance for credit losses is our estimate based on identified potentially uncollectible amounts and consideration of historical experience of losses incurred. We periodically perform detailed reviews to assess the adequacy of the allowance. We exercise significant judgment in estimating the timing, frequency and severity of losses. The Company uses the aging schedule method to estimate current expected credit losses ("CECL") based on days of delinquency, including information about past events and current economic conditions. The Company's accounts receivable is separated into the aforementioned three categories to evaluate the allowance under the CECL impairment model. The receivables in each category share similar risk characteristics.

The Company analyzed uncollectable accounts for the three categories of receivables and concluded that only agent non-commission based fees receivables and agent short-term advances carry any risk of expected credit losses. Current economic conditions and forecasts of future economic conditions do not affect expected credit losses on uncollectable real estate property settlements, and the Company has no historical experience or expectation of losses related to these receivables. A hypothetical change of 10% in expected credit losses related to agent non-commission based fees receivables and agent short-term advances would have impacted our pre-tax income by approximately \$0.2 million for the year ended December 31, 2020.

Although we experienced higher rates of delinquency on agent fees and advances receivable and recognized greater expected losses during 2020, the Company typically has not experienced material uncollectible accounts (including the most fiscal recent year). However, future experience could materially differ from historical results and could have an adverse impact to the Company's results of operations, financial condition, and cash flows.

Business combinations and goodwill

The Company accounts for business combinations using the acquisition method of accounting, under which the consideration for the acquisition is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed at the fair values as of the acquisition date. Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. Estimating the fair value of individual reporting units requires us to make assumptions and estimates regarding significant changes or planned changes in the use of the assets, as well as industry and economic conditions. These assumptions and estimates include projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors. Significant assumptions used in determining the allocation of fair value include the following valuation techniques: the cost approach, the income approach, and the market approach, which are determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions.

At the acquisition date, the Company recognizes the identifiable acquired assets, liabilities, and contingent liabilities (identifiable net assets) of the subsidiaries on the basis of fair value. Recognized assets and liabilities may be adjusted during a maximum of one year from the acquisition date (the "measurement period"), depending on new information obtained about the facts and circumstances in existence at the acquisition date.

If current expectations of future growth rates are not met or market factors outside of our control change significantly, then our goodwill or intangible assets may become impaired. Additionally, as goodwill and intangible assets associated with recently acquired businesses are recorded on the balance sheet at their estimated acquisition date fair values, those amounts are more susceptible to impairment risk if business operating results or macroeconomic conditions deteriorate.

Goodwill impairment

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 would more likely than not indicate that the fair value of the goodwill is below its carrying value. An impairment loss for goodwill would be recognized based on the difference between the carrying value and its estimated fair value, which would be determined based on either discounted future cash flows or another appropriate fair value method. Due to the impacts of the COVID-19 pandemic on the general economy, we performed this assessment at each interim period during 2020 as well. However, based on the Company's performance, we believed that an impairment was remote during the year.

The evaluation of goodwill for impairment requires management to use significant judgments and estimates in accordance with U.S. GAAP, including, but not limited to, economic, industry, and company-specific qualitative factors, projected future net sales, operating results, and cash flows. Although we currently believe the estimates used in the evaluation of goodwill are reasonable, differences between actual and expected net sales, operating results, and cash flows and/or changes in the discount rates used could cause these assets to be deemed impaired. If this were to occur, we would be required to record a non-cash charge to earnings for the write-down in the value of the goodwill, which could have a material adverse effect on our results of operations and financial position but not our cash flows from operations.

During the fourth quarter of 2020, we performed an assessment of the fair value of goodwill related to World Tech. Due to the timing of the recent acquisitions of Showcase and Success, management did not identify any new events or changes in circumstances that would more likely than not indicate that the fair value of the goodwill acquired for each business combination is below its carrying value. To perform these assessments, we identified and analyzed macroeconomic conditions, industry and market conditions, and company-specific factors. Taking into consideration these factors, we estimated the potential change in the fair value of goodwill compared with our most recent quantitative impairment test for World Tech. As a result of the analysis performed, management believes the estimated fair value of the reporting units continue to exceed their carrying values by a substantial margin and does not represent a more likely than not possibility of potential impairment. The goodwill analysis did not result in an impairment charge. Also, a reasonable hypothetical change in assumptions, such as a 1% change in the discount rate or a 10% change in the projected cash flows, would not have resulted in an impairment charge for the year ended December 31, 2020.

Income taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. A valuation allowance against deferred tax assets would be established if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50%) that some or all of the deferred tax assets are not expected to be realized. Our assumptions, judgments, and estimates relative to the value of our deferred tax assets take into account predictions of the amount and category of future taxable income. As of December 31, 2020, based on our assessment of the realizability of the net deferred tax assets, we continue to maintain a full valuation allowance against all of our federal and state net deferred tax assets. If our valuation allowance were released due to a change in the likelihood of our deferred tax assets as of December 31, 2020, our income tax benefit and net income would have increased by up to \$22.1 million. Management has evaluated our recent profitability trends and believes that, if current trends persist, there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow us to reach the conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance to be released are subject to change based on the positive evidence, including, but not limited to, the level of expected profitability, that we are able to actually achieve in future periods.

Although management believes that the judgment and estimates involved are reasonable and that the necessary provisions related to income taxes have been recorded, changes in circumstances or unexpected events could adversely affect our financial position, results of operations, and cash flows.

See Note 13 – Income Taxes to the consolidated financial statements for further information related to our income tax positions.

Litigation

We recognize expense for legal claims when payments associated with the claims become probable and can be reasonably estimated. Due to the difficulty in estimating costs of resolving legal claims, actual costs could have a material adverse impact on our results of operations and cash flow, if we were to become a party to a material legal action.

NON-U.S. GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use Adjusted EBITDA, a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. This non-GAAP financial measure, which may be different than similarly titled measures used by other companies, is presented to enhance investors' overall

understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S.GAAP.

We define the non-U.S. GAAP financial measure of Adjusted EBITDA to mean net income (loss), excluding other income (expense), income tax benefit (expense), depreciation, amortization, and impairment charges, stock-based compensation expense, and stock option expense.

We believe that Adjusted EBITDA provides useful information about our financial performance, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to a key metric used by our management 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 underlying operations and provides better transparency into our results of operations.

We are presenting the non-U.S. GAAP measure of Adjusted EBITDA to assist investors in seeing our financial performance through the eyes of management, and because we believe this measure provides an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of Adjusted EBITDA compared to Net Income (Loss), the closest comparable U.S. GAAP measure. Some of these limitations are that:

- Adjusted EBITDA excludes stock-based compensation expense related to our agent growth incentive program and stock option expense, which have been, and will continue to be for the foreseeable future, significant recurring expenses in our business and an important part of our compensation strategy; and
- Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets, amortization of intangible assets, and impairment charges related to these long-lived assets, and, although these are non-cash charges, the assets being depreciated, amortized, or impaired may have to be replaced in the future.

The following tables present a reconciliation of Adjusted EBITDA to net loss, the most comparable U.S. GAAP financial measure, for each of the periods presented:

	Year Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ 30,990	(\$ 9,557)	(\$ 22,430)
Other expense (income), net	184	281	(32)
Income tax expense	413	497	78
Depreciation, amortization, and impairment expenses ⁽¹⁾	4,214	2,384	894
Stock compensation expense ⁽²⁾	15,239	13,959	19,053
Stock option expense	6,801	5,085	4,847
Adjusted EBITDA	\$ 57,841	\$ 12,649	\$ 2,410

⁽¹⁾ Stock payable amortization is included in other expense (income). Impairment expense relates to 2020 write off of an intangible asset related to a discontinued internally developed software project. There were no impairment charges recognized during 2019 or 2018.

⁽²⁾ This includes agent growth incentive stock compensation expense and stock compensation expense related to non-controlling interest.

The primary driver for the changes in Adjusted EBITDA was improved net income attributable to the increase in revenue from the higher volume of real estate sales transactions. During the years ended December 31, 2020 and 2019, net income increased by \$40.5 million and net losses decreased by \$12.9 million, respectively.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk relates to the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates, and other market rates or prices on the profitability of market-sensitive financial instruments and our results of operations.

Foreign Currency Risk

The majority of our net sales, expense, and capital purchases were transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation existed due to our operations in Canada, Europe, Australia, Mexico, India, and South Africa, albeit each individually and in the aggregate to a small extent. As of December 31, 2020, our largest international operations were in Canada. Based

on fiscal 2020 performance, a hypothetical decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would negatively impact operating income by approximately \$135, while a hypothetical appreciation of 10% in the value of the Canadian dollar in relation to the U.S. dollar would favorably impact operating income by approximately \$70. The individual impacts to the operating income of hypothetical currency fluctuations in the Canadian dollar have been calculated in isolation from any potential responses to address such exchange rate changes in our other foreign markets. Our exposures to foreign currency risk related to our other operations in our other international locations were immaterial and have been excluded from this analysis.

Our investments in the net assets of our international operations were also subject to currency risk. As of December 31, 2020, the impacts of translations of foreign-denominated net assets of our international operations were immaterial to the Company's consolidated financial statements. The translation impacts related to the net assets of our international operations are recorded within accumulated other comprehensive income. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of eXp World Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of eXp World Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income (loss), equity, and cash flows, for each of the two years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company for the year ended December 31, 2018, before the effects of the adjustments to retrospectively apply the common stock split presentation discussed in Note 1 to the financial statements, were audited by other auditors whose report, dated March 18, 2019, expressed an unqualified opinion on those statements. We have also audited the adjustments to the 2018 financial statements to retrospectively apply the change in presentation for common stock split, as discussed in Note 1 to the financial statements. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Company other than with respect to the retrospective adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 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. 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Commissions and Other Agent-Related Costs – Revenue Share expenses – Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company has a revenue sharing plan where its agents and brokers can receive 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 Front-Line Qualifying Active agents they have attracted to the Company. A Front-Line Qualifying Active agent is an agent or broker that an agent or broker has personally attracted to the Company who has met specific sales transaction volume requirements. For the year ended December 31, 2020, the Company incurred \$1.6 billion of commissions and other agent-related costs, which includes commissions paid to agents and brokers under the revenue sharing plan.

We identified the revenue sharing plan as a critical audit matter because the plan has a complex multi-tiered compensation structure involving highly automated system calculations to determine the commissions paid to agents and brokers. This required an increased extent of audit effort to audit and evaluate the accuracy of commissions paid under the revenue share plan.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures performed related to the testing of the accuracy of expenses under the revenue sharing plan included the following, among others:

- We tested the effectiveness of controls over the revenue share expenses, including management's controls over the calculation of commissions costs under the revenue sharing plan.
- With the assistance of our IT specialists, we:
 - Identified the significant system used to process revenue share transactions and tested the general IT controls over the system, including testing of user access controls, change management controls, and IT operations controls.
 - Performed testing of automated controls, as well as the controls designed to ensure the accuracy of revenue share expenses.
- We selected samples of commissions costs incurred for agents and brokers under the revenue sharing plan and recalculated the commissions based on the terms of the respective independent contractor agreements.
- For the samples selected:
 - We tested the mathematical accuracy of the recorded commission by recalculating the revenue sharing allocation in accordance with the independent contractor agreements and traced the underlying transactions to third party documents including settlement statements, purchase agreements and bank statements.
 - We tested the accuracy of the Front-Line Qualifying Agent count for agents and brokers by reading independent contractor agreements and obtained evidence of agents and brokers reaching the required sales transaction volume, including settlement statements.

/s/ Deloitte & Touche LLP

San Francisco, California

March 11, 2021

We have served as the Company's auditor since 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
eXp World Holdings, Inc.
Bellingham, Washington

Opinion on the Consolidated Financial Statements

We have audited the consolidated statements of operations and comprehensive income (loss), equity, and cash flows of eXp World Holdings, Inc. and subsidiaries (the “Company”) for the year ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”), before the effects of the adjustments to retrospectively apply the change in presentation for the common stock split described in Note 1. In our opinion, the consolidated financial statements for the year ended December 31, 2018, before the effects of the adjustments to retrospectively apply the change in presentation for the common stock split described in Note 1, present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America (the 2018 consolidated financial statements before the effects of the adjustments discussed in Note 1 are not presented herein).

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the change in presentation for the common stock split described in Note 1 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Deloitte & Touche LLP.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. 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 audit 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 consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, LLP

We served as the Company’s auditor from 2017 to 2019.

Salt Lake City, Utah

March 18, 2019

EXP WORLD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 100,143	\$ 40,087
Restricted cash	27,781	6,987
Accounts receivable, net of allowance for credit losses of \$1,879 and allowance for bad debt of \$137, respectively	76,951	28,196
Prepays and other assets	7,350	3,549
TOTAL CURRENT ASSETS	212,225	78,819
Property, plant, and equipment, net	7,848	5,428
Operating lease right-of-use assets	819	1,264
Other noncurrent assets	-	16
Intangible assets, net	8,350	2,677
Goodwill	12,945	8,248
TOTAL ASSETS	\$ 242,187	\$ 96,452
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,957	\$ 2,593
Customer deposits	27,781	6,987
Accrued expenses	62,750	31,034
Current portion of long-term payable	1,416	916
Current portion of lease obligation - operating lease	746	435
TOTAL CURRENT LIABILITIES	96,650	41,965
Long-term payable, net of current portion	2,876	1,530
Long-term lease obligation - operating lease, net of current portion	74	829
TOTAL LIABILITIES	99,600	44,324
Commitments and Contingencies (Note 14)		
EQUITY		
Common Stock, \$0.00001 par value 220,000,000 shares authorized; 146,677,786 issued and 144,143,292 outstanding in 2020; 132,398,616 issued and 131,473,252 outstanding in 2019 ⁽¹⁾	1	1
Additional paid-in capital	218,492	130,682
Treasury stock, at cost: 2,534,494 and 925,364 shares held, respectively	(37,994)	(8,623)
Accumulated deficit	(39,162)	(70,293)
Accumulated other comprehensive income	247	200
Total eXp World Holdings, Inc. stockholders' equity	141,584	51,967
Equity attributable to noncontrolling interest	1,003	161
TOTAL EQUITY	142,587	52,128
TOTAL LIABILITIES AND EQUITY	\$ 242,187	\$ 96,452

⁽¹⁾ All applicable period amounts have been adjusted to reflect the two-for-one stock split effected in the form of a stock dividend in February 2021. See Note 1 – Description of Business and Basis of Presentation for details.

The accompanying notes are an integral part of these consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except share amounts and per share data)

	Year Ended December 31,		
	2020	2019	2018
Revenues	\$ 1,798,285	\$ 979,937	\$ 500,148
Operating expenses			
Commissions and other agent-related costs	1,638,674	895,882	459,716
General and administrative expenses	122,801	89,035	59,855
Sales and marketing expenses	5,223	3,799	2,961
Total operating expenses	1,766,698	988,716	522,532
Operating income (loss)	31,587	(8,779)	(22,384)
Other expense			
Other expense (income), net	133	247	(32)
Equity in losses of unconsolidated affiliates	51	34	-
Total other expense (income), net	184	281	(32)
Income (loss) before income tax expense	31,403	(9,060)	(22,352)
Income tax expense	413	497	78
Net income (loss)	30,990	(9,557)	(22,430)
Net loss attributable to noncontrolling interest	141	29	-
Net income (loss) attributable to eXp World Holdings, Inc.	\$ 31,131	(\$ 9,528)	(\$ 22,430)
Earnings (loss) per share ⁽¹⁾			
Basic	\$ 0.22	(\$ 0.08)	(\$ 0.19)
Diluted	\$ 0.21	(\$ 0.08)	(\$ 0.19)
Weighted average shares outstanding ⁽¹⁾			
Basic	138,572,358	126,256,407	115,379,840
Diluted	151,550,075	126,256,407	115,379,840
Comprehensive income (loss):			
Net income (loss)	\$ 30,990	(\$ 9,557)	(\$ 22,430)
Comprehensive loss attributable to noncontrolling interests	141	29	-
Net income (loss) attributable to eXp World Holdings, Inc.	31,131	(9,528)	(22,430)
Other comprehensive income (loss):			
Foreign currency translation (loss) gain, net of tax	47	211	(20)
Comprehensive income (loss) attributable to eXp World Holdings, Inc.	\$ 31,178	(\$ 9,317)	(\$ 22,450)

⁽¹⁾ All applicable period amounts have been adjusted to reflect the two-for-one stock split effected in the form of a stock dividend in February 2021. See Note 1 – Description of Business and Basis of Presentation for details.

The accompanying notes are an integral part of these consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share amounts)

	Year Ended December 31,		
	2020	2019	2018
Common stock:			
Balance, beginning of year	\$ 1	\$ 1	\$ 1
Balance, end of year	1	1	1
Treasury stock:			
Balance, beginning of year	(8,623)	-	-
Repurchases of common stock	(29,371)	(27,056)	-
Retirement of treasury stock	-	18,433	-
Balance, end of year	(37,994)	(8,623)	-
Additional paid-in capital:			
Balance, beginning of year	130,683	90,756	36,848
Cumulative effect from the adoption of new accounting standards	-	-	5,739
Shares issued for acquisition	-	-	1,000
Shares issued for stock options exercised	6,946	2,298	2,015
Agent growth incentive stock compensation	13,094	13,209	19,053
Agent equity stock compensation	60,968	37,768	21,254
Stock option compensation	6,801	5,085	4,847
Retirement of treasury stock	-	(18,433)	-
Balance, end of year	218,492	130,683	90,756
Accumulated deficit:			
Balance, beginning of year	(70,293)	(60,765)	(32,596)
Cumulative effect from the adoption of new accounting standards	-	-	(5,739)
Net income (loss)	31,131	(9,528)	(22,430)
Balance, end of year	(39,162)	(70,293)	(60,765)
Accumulated other comprehensive income (loss):			
Balance, beginning of year	200	(12)	8
Foreign currency translation gain (loss)	47	212	(20)
Balance, end of year	247	200	(12)
Noncontrolling interest:			
Balance, beginning of year	160	-	-
Net loss	(141)	(29)	-
Stock compensation	451	-	-
Contributions by noncontrolling interests	533	189	-
Balance, end of year	1,003	160	-
Total equity	\$ 142,587	\$ 52,128	\$ 29,980

The accompanying notes are an integral part of these consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except share amounts)

	Year Ended December 31,		
	2020	2019	2018
OPERATING ACTIVITIES			
Net income (loss)	\$ 30,990	(\$ 9,557)	(\$ 22,430)
Reconciliation of net income (loss) to net cash provided by operating activities:			
Depreciation expense	3,360	2,057	870
Amortization expense - intangible assets	629	327	24
Amortization expense - long-term payable	157	140	21
Asset impairments	225	-	-
Allowance for credit losses on receivables/bad debt on receivables	1,742	(137)	(484)
Equity in loss of unconsolidated affiliates	51	34	-
Agent growth incentive stock compensation expense	15,239	13,959	19,053
Stock option compensation	6,801	5,085	4,847
Agent equity stock compensation expense	60,968	37,768	21,254
Changes in operating assets and liabilities:			
Accounts receivable	(50,193)	(10,626)	(10,037)
Prepays and other assets	(3,534)	(1,696)	(1,179)
Customer deposits	20,794	4,421	1,597
Accounts payable	1,364	1,413	609
Accrued expenses	30,017	11,302	10,166
Long term payable	1,048	697	-
Other operating activities	1	(1)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	119,659	55,186	24,311
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(6,436)	(5,000)	(2,134)
Acquisition of businesses, net of cash acquired	(10,502)	(1,500)	(6,725)
Intangible assets acquired	-	(140)	-
Other investing activities	(25)	(50)	-
NET CASH USED IN INVESTING ACTIVITIES	(16,963)	(6,690)	(8,859)
FINANCING ACTIVITIES			
Repurchase of common stock	(29,371)	(27,056)	-
Proceeds from exercise of options	6,946	2,298	2,015
Transactions with noncontrolling interests	532	189	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(21,893)	(24,569)	2,015
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	47	106	(21)
Net change in cash, cash equivalents and restricted cash	80,850	24,033	17,446
Cash, cash equivalents and restricted cash, beginning balance	47,074	23,041	5,595
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING BALANCE	\$ 127,924	\$ 47,074	\$ 23,041
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash paid for income taxes	\$ 754	\$ 130	\$ 73
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Retirement of treasury stock	\$ -	\$ 18,433	\$ -
Lease liabilities arising from obtaining right-of-use assets	138	1,524	-
Intangible assets in accounts payable	-	70	-
Termination of lease liabilities	204	-	-
Liabilities incurred associated with business acquisition	1,500	-	4,108
Property, plant and equipment purchases in accounts payable	117	93	87
Liabilities assumed in business acquisition	140	-	-
Common stock issued for business acquisition	-	-	1,000

The accompanying notes are an integral part of these consolidated financial statements.

eXp World Holdings, Inc.
Notes to Consolidated Financial Statements

(Amounts in thousands, except share and per share amounts, unless otherwise noted)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

eXp World Holdings, Inc. (collectively with its subsidiaries, the “Company” or “eXp”) was incorporated in the State of Delaware on July 30, 2008. Through various operating subsidiaries, the Company primarily operates a cloud-based real estate brokerage operating throughout the United States, and most of the Canadian provinces. During the previous five fiscal quarters, the Company began operations in the United Kingdom (U.K.), Australia, South Africa, Portugal, France, India, and Mexico. The Company focuses on a number of cloud-based technologies in order to grow an international brokerage without the burden of physical bricks and mortar or redundant staffing costs.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles and are expressed in U.S. dollars. The Company’s fiscal year end is December 31.

Common stock split

On January 19, 2021, the Company declared a two-for-one stock split of the Company’s common stock effected in the form of a stock dividend (the “Stock Split”) on each share of the Company’s outstanding Common Stock. The stock dividend was issued on February 12, 2021 to holders of record of the Company’s Common Stock at the close of business on January 29, 2021. All share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the Stock Split.

Impact of the Stock Split

The impacts of the Stock Split were applied retroactively for all periods presented in accordance with applicable guidance. Therefore, prior period amounts are different from those previously reported. Certain amounts within the following tables may not foot due to rounding.

The following table illustrates changes in earnings (loss) per share and weighted average shares outstanding as previously reported prior to, and as adjusted subsequent to, the impact of the Stock Split retroactively adjusted for the years ended December 31, 2019 and 2018:

	Year ended December 31,					
	2019			2018		
	As Previously Reported	Impact of Stock Split	Revised	As Previously Reported	Impact of Stock Split	Revised
Weighted average shares outstanding						
Basic	62,585,555	63,670,852	126,256,407	57,689,920	57,689,920	115,379,840
Diluted	62,585,555	63,670,852	126,256,407	57,689,920	57,689,920	115,379,840
Earnings (loss) per share						
Basic	(0.15)	0.07	(0.08)	(0.39)	0.20	(0.19)
Diluted	(0.15)	0.07	(0.08)	(0.39)	0.20	(0.19)

The following table illustrates changes in equity as previously reported prior to, and as adjusted subsequent to, the impact of the Stock Split retroactively adjusted for the years ended December 31, 2019 and 2018:

	Year ended December 31,					
	2019			2018		
	As Previously Reported	Impact of Stock Split	Revised	As Previously Reported	Impact of Stock Split	Revised
Common stock:						
Balance, beginning of year	60,609,102	60,609,102	121,218,204	54,962,535	54,962,535	109,925,070
Retirement of common stock	(1,818,273)	(1,818,273)	(3,636,546)	-	-	-
Shares issued for acquisition	-	-	-	97,371	97,371	194,742
Shares issued for stock options exercised	2,261,122	2,261,122	4,522,244	2,594,050	2,629,524	5,223,574
Agent growth incentive stock compensation	1,345,754	1,345,754	2,691,508	1,270,545	1,271,379	2,541,924
Agent equity stock compensation	3,801,603	3,801,603	7,603,206	1,684,601	1,648,293	3,332,894
Balance, end of year	66,199,308	66,199,308	132,398,616	60,609,102	60,609,102	121,218,204
Common stock, par value ⁽¹⁾	\$ 1	\$ -	\$ 1	\$ 1	\$ -	\$ 1

⁽¹⁾ The par value of common stock changed by less than one thousand dollars and shows no impact due to rounding.

Stock awards under the Company's equity incentive program for agents, where the performance metric had been achieved, were adjusted retroactively to give effect to the Stock Split retroactively adjusted for the following periods:

	Shares			Weighted Average Grant Date Fair Value		
	As Previously Reported	Impact of Stock Split	Revised	As Previously Reported	Impact of Stock Split	Revised
Balance, December 31, 2018	3,872,877	3,872,877	7,745,754	\$ 11.63	(\$ 5.82)	\$ 5.82
Granted	1,687,457	1,687,457	3,374,914	9.23	(4.62)	4.62
Vested and issued	(1,494,633)	(1,494,633)	(2,989,266)	11.21	(5.60)	5.61
Forfeited	(677,592)	(677,592)	(1,355,184)	3.39	(1.70)	1.70
Balance, December 31, 2019	3,388,109	3,388,109	6,776,218	\$ 11.04	(\$ 5.52)	\$ 5.52

The Company's stock options were adjusted retroactively to give effect to the Stock Split for the following periods:

	Options			Weighted Average Exercise Price		
	As Previously Reported	Impact of Stock Split	Revised	As Previously Reported	Impact of Stock Split	Revised
Balance, December 31, 2018	8,697,613	8,697,613	17,395,226	\$ 2.08	(\$ 1.04)	\$ 1.04
Granted	776,746	776,746	1,553,492	9.44	(4.72)	4.72
Exercised	(2,261,122)	(2,261,122)	(4,522,244)	1.02	(0.51)	0.51
Forfeited	(437,881)	(437,881)	(875,762)	7.94	(3.97)	3.97
Balance, December 31, 2019	6,775,356	6,775,356	13,550,712	\$ 2.90	(\$ 1.45)	\$ 1.45

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements include the accounts of eXp World Holdings, Inc., its wholly-owned subsidiaries, and including those entities in which we have a variable interest of which we are the primary beneficiary. If the Company has a variable interest in an entity but it is not the primary beneficiary of the entity or exercises control over the operations and has less than 50% ownership, it will use the equity method or the cost method of accounting for investments. Entities in which the Company has less than a 20% investment and where the Company does not exercise significant influence are accounted for under the cost method. Intercompany transactions and balances are eliminated upon consolidation.

Variable interest entities and noncontrolling interests

A company is deemed to be the primary beneficiary of a VIE and must consolidate the entity if the company has both: (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

In 2019, the Company made capital contributions in consideration for an ownership interest in First Cloud Investment Group, LLC ("First Cloud"), a Nevada limited liability company providing mortgage origination for end-consumers, with the remaining ownership interests held by certain independent agents and brokers. Under the terms of the operating agreement, the Company maintains at least a 50% equity ownership interest in First Cloud.

The Company determined that First Cloud is a VIE, as the Company is the primary beneficiary that has both the power to direct the activities that most significantly impact the VIE and a variable interest that potentially could be significant to the VIE. The Company treats the interest in First Cloud that it does not own as a noncontrolling interest. The noncontrolling interest balance is adjusted each period to reflect the allocation of net income (loss) and other comprehensive income (loss) attributable to the noncontrolling interest, as shown in the consolidated statements of comprehensive income (loss). The noncontrolling interest balance in the consolidated balance sheets represents the proportional share of the equity of the joint venture entity, which is attributable to the noncontrolling shareholders.

As of December 31, 2020, First Cloud's operations are not material to the Company's financial position or results of operations.

Joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial, and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method and are recognized initially at cost.

The Company has investments in a joint venture, Silverline Title & Escrow, LLC (“Silverline”), which operates and manages a title agency that performs, among other functions, core title agent services (for which liabilities arises), including the evaluation of searches to determine the insurability of title, the clearance of underwriting objections, the actual issuance of policies on behalf of insurance companies, and, where customary, the issuance of title commitments and the conducting of title searches. The Company owns a 50% ownership interest in Silverline with the remaining ownership interest held by a third-party investment company. The Company recognizes its share of income and expenses and equity movement in the venture in proportion to its percentage of ownership.

As of December 31, 2020, Silverline’s operations are not material to the Company’s financial position or results of operations.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to allowance for credit losses, legal contingencies, income taxes, revenue recognition, stock-based compensation, goodwill, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Reclassifications

The Company has reclassified certain amounts in prior-period financial statements to conform to the current period’s presentation. These reclassifications had no impact on net income (loss) or total stockholders’ equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, money market instruments, and all other highly liquid investments purchased with an original or remaining maturity of three months or less at the date of acquisition.

Restricted 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.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown on the statement of cash flows.

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 40,087	\$ 20,538
Restricted cash	6,987	2,503
Total cash, cash equivalents, and restricted cash, beginning balance	<u>\$ 47,074</u>	<u>\$ 23,041</u>
	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 100,143	\$ 40,087
Restricted cash	27,781	6,987
Total cash, cash equivalents, and restricted cash, ending balance	<u>\$ 127,924</u>	<u>\$ 47,074</u>

Fair value measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The fair value hierarchy prioritizes the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Input Level	Definitions
Level 1	Inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
Level 2	Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
Level 3	Inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

The Company holds funds in a money market account. The Company values its money market funds at fair value on a recurring basis.

Accounts receivable and allowance for expected credit losses

The majority of the Company's accounts receivable consists of commissions receivable on real estate property settlements, which are in-substance guaranteed because they represent commission payments on closed transactions. The remaining accounts receivable is derived from non-commission based technology fees and short-term advances to agents and brokers. These accounts receivable are typically unsecured.

The allowance for expected credit losses is our estimate based on historical experience. The Company periodically performs detailed reviews to assess the adequacy of the allowance. The Company exercises significant judgment in estimating the timing, frequency and severity of losses. The Company uses the aging schedule method to estimate current expected credit losses ("CECL") based on days of delinquency, including information about past events and current economic conditions. The Company's accounts receivable is separated into the three categories above to evaluate allowance under the CECL impairment model. The receivables in each category share similar risk characteristics. The Company analyzes uncollectable accounts for the three categories of receivables. Based on historical information and future expectations, only agent non-commission based fees receivables and agent short-term advances carry any risk of expected credit losses. Current economic conditions and forecasts of future economic conditions do not affect expected credit losses on uncollectable real estate property settlements. The collection of these payments is in-substance guaranteed because they represent commission payments on closed transactions, and the Company has no historical experience or expectation of losses related to these receivables.

The Company increases the allowance for expected credits losses when the Company determines all or a portion of a receivable is uncollectable. The Company recognizes recoveries as a decrease to the allowance for expected credit losses.

As of December 31, 2020 and 2019, receivables from real estate property settlements totaled \$73,838 and \$24,924, respectively. As of December 31, 2020, agent non-commission based fees receivable and short-term advances totaled \$4,992, of which the Company recognized expected credit losses of \$1,879. As of December 31, 2019, agent non-commission based fees receivable and short-term advances totaled \$3,409, of which the Company recognized allowance for doubtful accounts of \$137.

Foreign currency translation

The Company's functional and reporting currency is the United States dollar and the functional currency of the Company's foreign subsidiaries is the local currency of their country of domicile. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the consolidated statements of operations in other (income) expense, net. The Company does not employ a hedging strategy to manage the impact of foreign currency fluctuations.

Fixed assets

Fixed assets are stated at historical cost and are depreciated on the straight-line method over the estimated useful lives. Useful lives are:

Computer hardware and software: 3 to 5 years

Furniture, fixtures and equipment: 5 to 7 years

Maintenance and repairs are expensed as incurred. Expenditures that substantially increase an asset's useful life or improve an asset's functionality are capitalized.

The Company capitalizes the costs associated with developing its internal-use cloud-based residential real-estate transaction system. Capitalized 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.

Leases

Leases are agreements, or terms within agreements, that convey the right to control the use of and receive substantially all of the economic benefit from an identified asset for a period of time in exchange for consideration. The Company currently only possesses office space leases.

Right-of-use assets

The Company recognizes right-of-use (“ROU”) assets at the commencement date of the lease. ROU assets are measured at cost, less accumulated depreciation and impairment losses, and are adjusted concurrent with the remeasurement of corresponding lease liabilities resulting from a change in future lease payments or a change in the assessment of whether any purchase, extension, or termination options will be exercised.

The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received, if any. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Company recognizes a lease liability measured at the present value of the lease payments to be made over the lease term. Variable lease payments are recognized as expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the implicit interest rate in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Company does not capitalize leases with a present value of below its minimum capitalization threshold as it would not materially affect the Company’s financial position or results of operations. Lease payments on short-term leases and low-value leases are recognized as expense on a straight-line basis over the lease term.

Refer to Note 10 – Leases for more information.

Goodwill

Goodwill represents the excess of the consideration paid over the estimated fair value of assets acquired and liabilities assumed in a business combination. The Company evaluates 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 would more likely than not indicate that the fair value of the goodwill is below its carrying value. Generally, this evaluation begins with a qualitative assessment to determine if the fair value of the reporting unit is more likely than not less than its carrying value. The test for impairment requires management to make judgments relating to future cash flows, growth rates and economic and market conditions. In addition to the annual impairment evaluation, the Company evaluates at least quarterly whether events or circumstances have occurred in the period subsequent to the annual impairment testing which indicate that it is more likely than not an impairment loss has occurred.

The Company did not recognize an impairment for either of the years ended December 31, 2020 and 2019.

Intangible assets

The Company’s intangible assets are finite lived and consist primarily of trade name, technology and customer relationships. Each intangible asset is amortized on a straight-line basis over its useful life, ranging from three to 10 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.

The Company recognized an impairment of \$225 for the year ended December 31, 2020. No impairment was recognized for the year ended December 31, 2019.

Software development costs

The Company capitalizes software development costs related to products to be sold, leased, or marketed to external users and internal-use software.

Business combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the consideration for the acquisition is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed at the acquisition date fair values as determined by management as of the acquisition date. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. Estimating the fair value of individual reporting units requires the Company to make assumptions and estimates regarding significant changes or planned changes in the use of the assets, as well as industry and economic conditions. These assumptions and estimates include projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors. If current expectations of future growth rates are not met or market factors outside of the Company's control change significantly, then goodwill or intangible assets may become impaired. Additionally, as goodwill and intangible assets associated with recently acquired businesses are recorded on the balance sheet at their estimated acquisition date fair values, those amounts are more susceptible to impairment risk if business operating results or macroeconomic conditions deteriorate.

Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets.

Impairment of long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. When assets are considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Stock-based compensation

Our stock-based compensation is comprised of agent growth incentive programs, agent equity program, and stock option awards. Stock-based compensation is more fully disclosed in Note 11 – Stockholders' Equity. The Company accounts for stock-based compensation granted to employees and non-employees using a fair value method. Stock-based compensation awards are measured at the grant date fair value and are recognized over the requisite service period of the awards, usually the vesting period, on a straight-line basis, net of forfeitures. The Company reduces stock-based compensation for forfeitures when they occur.

Recognition of compensation cost for an award with a performance condition is based on the probable outcome of that performance condition being met.

Revenue recognition

The Company generates substantially all of its revenue from real estate brokerage services and generates a de minimis portion of its revenues from software subscription and professional services. The Company estimates revenue in instances where there is sufficient evidence that a real estate transaction has closed but all of the necessary documentation has not been received. The recognition of any estimated revenue is verified through the passage of time. As such, the Company does not have contracts with customers that provide variable consideration.

Real Estate Brokerage Services

The Company serves as a licensed broker in the areas in which it operates for the purpose of processing residential real estate transactions. The Company is contractually obligated to provide services for the fulfillment of transfers of residential real estate between buyers and sellers. The Company provides these services itself and controls the services necessary to legally transfer the residential real estate. Correspondingly, the Company is defined as the principal. The Company, as principal, satisfies its obligation upon the closing of a residential real estate transaction. As principal, and upon satisfaction of the performance obligation, the Company recognizes revenue in the gross amount of consideration to which the Company expects to be entitled.

Revenue is derived from assisting home buyers and sellers in listing, marketing, selling, and finding residential real estate. Commissions earned on real estate transactions are recognized at the completion of a residential real estate transaction once the Company has satisfied the performance obligation. Agent related fees are currently recorded as a reduction to commissions and other agent related costs.

Software Subscription and Professional Services

Subscription revenue is derived from fees from customers to access the Company's virtual reality software platform. The terms of subscriptions do not provide customers the right to take possession of the software. Subscription revenue is generally recognized ratably over the contract term.

Professional services revenue is derived from implementation and consulting services. Professional services revenue is typically recognized over time as the services are rendered, using an efforts-expended (labor hours) input method.

The Company does not currently collect sales and use taxes on fees from agents and brokers and assumes responsibility to pay these costs to the appropriate taxing authorities.

Disaggregated revenue

The Company primarily operates as a real estate brokerage firm. The vast majority of the Company's revenue is derived from providing a single service, real estate brokerage services, to purchasers and sellers of homes in the U.S. See Note 15 – Segment information for details regarding segment and geographic information.

Management believes that no disaggregation of revenue from services to customers currently exists that would provide additional insight into the future recognition of revenue and cash flows.

Revenue share expenses

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 frontline qualifying active ("FLQA") agents they have attracted to the Company. An FLQA agent is an agent or broker that an agent has personally attracted to the Company who has met specific real estate transaction volume requirements. These additional commissions are earned on a multitiered basis by FLQA agents and brokers for real estate transactions within their downstream brokerage network. Commissions to agents and brokers under the revenue sharing plan are included as part of commissions and other agent-related costs in the consolidated statements of comprehensive income (loss).

Advertising and marketing costs

Advertising and marketing costs are generally expensed in the period incurred. Advertising and marketing expenses are included in the sales and marketing expense line item on the accompanying consolidated statements of comprehensive income (loss). For the years ended December 31, 2020, 2019, and 2018, the Company incurred advertising and marketing expenses of \$5,223, \$3,799, and \$2,961, respectively.

Income taxes

The Company records income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. The Company recognizes the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby: (i) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, it recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

For U.S. income tax returns, the open taxation years subject to examination range from 2011 to 2020.

Comprehensive income (loss)

The Company's only components of comprehensive income (loss) are net income (losses) and foreign currency translation adjustments.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (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) 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. Prior period results have been adjusted to reflect the effect of the Stock Split. Refer to Note 12 – Earnings (Loss) Per Share for details related to the calculations of basic and diluted earnings per share.

Recently adopted accounting principles

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses* (Topic 326) (“ASU 2016-13”). ASU 2016-13 modifies the measurement of expected credit losses of certain financial instruments, requiring entities to estimate an expected lifetime credit loss on financial assets. The ASU amends the impairment model to utilize an expected loss methodology and replaces the incurred loss methodology for financial instruments including trade receivables. The amendment requires entities to consider other factors, such as economic conditions and future economic conditions. The Company adopted ASU 2016-13 effective January 1, 2020 and concluded it did not have a material impact on either the financial position, results of operations, cash flows, or related disclosures of the Company. There was no impact on beginning balance retained earnings upon adoption of this ASU.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820) – *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”), which removes certain disclosure requirements related to the fair value hierarchy, such as removing the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements, such as disclosing the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurement. The Company adopted ASU 2018-13 on January 1, 2020 and concluded it did not have an impact on the Company’s consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15 – *Intangibles – Goodwill and Other Internal-Use Software (Subtopic 350-40) – Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* (“ASU 2018-15”). The amendments in this update apply to an entity who is a customer in a hosting arrangement accounted for as a service contract. ASU 2018-15 requires a customer in a hosting arrangement to capitalize certain implementation costs. Costs associated with the application development stage of the implementation should be capitalized and costs with the other stages should be expensed. The Company adopted ASU 2018-15 on January 1, 2020 and concluded it did not have an impact on the Company’s consolidated financial statements and related disclosures.

Recently issued accounting pronouncements

In December 2019, the FASB issued ASU 2019-12 – *Income Taxes* (Topic 740). ASU 2019-12 removes certain exceptions for investments, intraperiod allocations and interim calculations and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020; early adoption is permitted. The Company adopted this amendment on January 1, 2021. The Company has assessed the amendments of ASU 2019-12 and determined the amendments to have an immaterial impact on the Company’s consolidated financial statements and related disclosures.

3. ACQUISITIONS

The following discussion relates to acquisitions completed during the year ended December 31, 2020. Neither of these business combinations were deemed material to the Company’s financial condition, results of operations, or cash flows. No business combinations were executed during the year ended December 31, 2019.

Showcase Web Sites, L.L.C.

On July 31, 2020, the Company acquired the equity ownership interests in Showcase Web Sites, L.L.C. (“Showcase”) for cash consideration of \$1.5 million using cash on hand and two-year promissory notes totaling \$1.5 million (the “Showcase Acquisition”). Showcase is a technology company focused on agent website and consumer real estate portal technology. With this acquisition, the Company will be able to strategically focus on creating consumer home-search technology for utilization by independent agents and brokers, as well as continued services offerings to third party clients of Showcase.

The following table outlines the fair value of the acquired assets and liabilities from the Showcase Acquisition:

Identifiable assets acquired and goodwill	
Cash	\$ 138
Accounts receivable, net	3
Prepaid & other current assets	20
Fixed assets, net	17
Showcase tradename	277
Existing technology	135
Customer relationships	240
Goodwill	2,310
Liabilities assumed	
Deferred liabilities & other current liabilities	140
Total purchase price	<u>\$ 3,000</u>

Success Enterprises, LLC

On December 4, 2020, the Company acquired the equity ownership interests in Success Enterprises LLC (“Success”) and its related media properties, including *SUCCESS*® print magazine, SUCCESS.com, *SUCCESS*® newsletters, podcasts, digital training courses and affiliated social media accounts across platforms (the “Success Acquisition”).

On November 4, 2020, Sanford Enterprises, LLC (“Sanford Enterprises”), a wholly-owned entity of Mr. Glenn Sanford, Chief Executive Officer and Chairman of the Board of the Company, purchased all of the membership equity interests in Success from Success Partners Holding Co, a third party media vendor to the Company, for \$8.0 million in cash. On December 4, 2020, the Company completed the acquisition of Success from Sanford Enterprises, LLC for cash consideration of \$8.0 million using cash on hand. Refer to Note 16 – Related Party Transactions.

The following table outlines the fair value of the acquired assets and liabilities from the Success Acquisition:

Identifiable assets acquired and goodwill	
Accounts receivable, net	\$ 165
Inventory	236
Prepaid & other current assets	36
Fixed assets, net	3
Success tradename	1,422
Content	2,720
Domains and social media	116
Customer relationships	915
Goodwill	2,387
Total purchase price	<u>\$ 8,000</u>

4. FAIR VALUE MEASUREMENT

The Company holds funds in a money market account, which are considered Level 1 assets. The Company values its money market funds at fair value on a recurring basis.

As of December 31, 2020 and 2019, the fair value of the Company’s money market funds was \$53,380 and \$18,281, respectively.

There have been no transfers between Level 1, Level 2, and Level 3 in the periods presented. The Company did not have any Level 2 or Level 3 financial assets or liabilities in the periods presented.

5. PREPAIDS AND OTHER ASSETS

Prepays and other assets consisted of the following:

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 2,489	\$ 1,730
Prepaid insurance	2,318	954
Rent deposits	123	73
Other assets (includes inventory)	2,420	792
Total prepaid expenses	<u>\$ 7,350</u>	<u>\$ 3,549</u>

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	December 31, 2020	December 31, 2019
Computer hardware and software	\$ 13,828	\$ 8,431
Furniture, fixture, and equipment	20	21
Total depreciable property and equipment	13,848	8,452
Less: accumulated depreciation	(6,738)	(3,378)
Depreciable property, net	7,110	5,074
Assets under development	738	354
Property, plant, and equipment, net	\$ 7,848	\$ 5,428

For the years ended December 31, 2020, 2019, and 2018, depreciation expense was \$3,360, \$2,057, and \$870, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill were:

	December 31, 2020	December 31, 2019
Goodwill	\$ 8,248	\$ 8,248
Acquisitions	4,697	-
Total goodwill	\$ 12,945	\$ 8,248

Goodwill was recorded in connection with the acquisitions of Showcase in July 2020 and Success in December 2020 and represents fair value as of the acquisition dates. Each acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the Company allocated the total purchase price to the tangible and identifiable intangible assets acquired, and assumed liabilities based on their estimated fair values as of the acquisition date, as determined by management. The excess of the purchase price over the aggregate fair values of the identifiable assets was recorded as goodwill.

The Company has a risk of future impairment to the extent that individual reporting unit performance does not meet projections. Additionally, if current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors, are not met, or if valuation factors outside of the Company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future. No events occurred that indicated it was more likely than not that goodwill was impaired.

Definite-lived intangible assets were as follows:

	December 31, 2020			December 31, 2019		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Trade name	\$ 2,868	(\$ 267)	\$ 2,601	\$ 1,169	(\$ 127)	\$ 1,042
Existing technology	1,396	(415)	981	559	(99)	460
Non-competition agreements	125	(87)	38	125	(45)	80
Customer relationships	1,895	(170)	1,725	740	(80)	660
Software	-	-	-	225	-	225
Licensing agreement	210	(41)	169	210	-	210
Intellectual property	2,836	-	2,836	-	-	-
Total intangible assets	\$ 9,330	(\$ 980)	\$ 8,350	\$ 3,028	(\$ 351)	\$ 2,677

For the years ended December 31, 2020, 2019, and 2018, amortization expense for definite-lived intangible assets was \$629, \$327, and \$24, respectively.

As of December 31, 2020, expected amortization related to definite-lived intangible assets will be:

Expected amortization	
2021	\$ 1,199
2022	1,122
2023	880
2024	665
2025 and thereafter	4,484
Total	\$ 8,350

8. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31, 2020	December 31, 2019
Commissions payable	\$ 50,484	\$ 26,030
Payroll payable	6,354	1,201
Taxes payable	1,008	1,205
Stock liability awards	2,093	750
Other accrued expenses	2,811	1,848
	<u>\$ 62,750</u>	<u>\$ 31,034</u>

9. DEBT

The Company issued unsecured promissory notes in the aggregate principal amount of \$1.5 million in connection with the Showcase Acquisition in July 2020. The promissory notes accrue interest of 8% per annum, and interest is payable monthly beginning six months after the acquisition date.

The first installment payment of outstanding principal in the amount of \$0.5 million is due on July 31, 2021, the first anniversary of the acquisition date, with the second installment payment for the remaining \$1.0 million of outstanding principal payable on July 31, 2022, the second anniversary of the acquisition date.

10. LEASES

The Company adopted ASU 2016-02 – *Leases* (Topic 842) effective January 1, 2019 using the modified retrospective approach whereby the cumulative effect of adoption was recognized on the adoption date and prior periods were not restated. There was no net cumulative effect adjustment to retained earnings as of January 1, 2019 as a result of adoption. ASU 2018-11 – *Leases* (Topic 842) – *Targeted Improvements* permits an entity to apply the new leases standard at the date of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with ASC 840 – *Leases*.

Operating leases

The Company's lease portfolio consists of office leases with lease terms ranging from less than one year to seven years, with the weighted average lease term being three years.

Certain leases provide for increases in future lease payments once the term of the lease has expired, as defined in the lease agreements. These leases generally also include real estate taxes.

Information as lessee under ASC 842

The Company reassessed all of leases to determine whether any expired or existing contracts were or contained a lease under ASC 842. Expired or existing contracts previously considered leases under ASC 840 no longer meet the definition of a lease under ASC 842 and therefore, have been excluded from future lease payments.

The Company still maintains these agreements, along with other short-term leases that are not capitalized, and the expenses are recognized in the period incurred.

As of December 31, 2020, maturities of the operating lease liabilities by fiscal year were as follows:

Year Ending December 31,	
2021	\$ 371
2022	320
2023	165
2024	5
2025	5
2026 and thereafter	1
Total lease payments	<u>867</u>
Less: interest	<u>(47)</u>
Total operating lease liabilities	<u>\$ 820</u>

Included below is other information regarding leases for the year ended December 31, 2020.

	Year Ended December 31,	
	2020	2019
Other information		
Operating lease expense	\$ 276	\$ 249
Short-term lease expense	16	27
Cash paid for operating leases	274	249
Weighted-average remaining lease term (years) – operating leases ⁽¹⁾	3.8	3
Weighted-average discount rate – operating leases	4.481%	4.850%

⁽¹⁾ The Company's lease terms include options to extend the lease when it is reasonably certain the Company will exercise its option. Additionally, the Company considered any historical and economic factors in determining if a lease renewal or termination option would be exercised.

Rent expense is recorded in general and administrative expense in the consolidated statements of comprehensive income (loss).

11. STOCKHOLDERS' EQUITY

The following table represents a reconciliation of the Company's common stock for the periods presented, adjusted to give effect to the Stock Split:

	Year Ended December 31,		
	2020	2019	2018
Common stock:			
Balance, beginning of year	132,398,616	121,218,204	109,925,070
Retirement of common stock	-	(3,636,546)	-
Shares issued for acquisition	-	-	194,742
Shares issued for stock options exercised	6,538,628	4,522,244	5,223,574
Agent growth incentive stock compensation	1,978,072	2,691,508	2,541,924
Agent equity stock compensation	5,762,470	7,603,206	3,332,894
Balance, end of year	146,677,786	132,398,616	121,218,204

The Company's shareholder approved equity plans described below are administered under the 2013 Stock Option Plan and the 2015 Equity Incentive Plan. Although a limited number of awards under the plan remain outstanding, no awards have been granted under the 2013 Stock Option Plan since 2015. The purpose of the equity plans is to retain the services of valued employees, directors, officers, agents, and consultants and to incentivize such persons to make contributions to the Company and motivate excellent performance.

Agent Equity Program

The Company provides agents and brokers the opportunity to elect to receive 5% of commissions earned from each completed residential real estate transaction in the form of common stock (the "Agent Equity Program" or "AEP"). If agents and brokers elect to receive portions of their commissions in common stock, they are entitled to receive the equivalent number of shares of common stock, based on the fixed monetary value of the commission payable. Prior to January 1, 2020, the Company recognized a 20% discount on these issuances as an additional cost of sales charge during the periods presented. Effective in January 2020, the Company amended the AEP and adjusted the discount on issued shares from 20% to 10%.

For the years ended December 31, 2020, 2019, and 2018, the Company issued 5,762,470, 7,603,206, and 3,332,894 shares of common stock, respectively, to agents and brokers for \$60,968, \$37,768, and \$21,254, respectively, net of discount.

Agent Growth Incentive Program

The Company administers an equity incentive program whereby agents and brokers become eligible to receive awards of the Company's common stock through agent attraction and performance benchmarks (the "Agent Growth Incentive Program" or "AGIP"). The incentive program encourages greater performance and awards agents with common stock based on achievement of performance milestones. Awards typically vest after performance benchmarks are reached and three years of subsequent service is provided to the Company. Share-based performance awards are based on a fixed-dollar amount of shares based on the achievement of performance metrics. As such, the awards are classified as liabilities until the number of share awards becomes fixed once the performance metric is achieved.

For the years ended December 31, 2020, 2019, and 2018, the Company's stock compensation attributable to the AGIP was \$15,239, \$13,959, and \$19,053, respectively. The total amount of stock compensation attributable to liability classified awards was \$3,246 and \$901 for the years ended December 31, 2020 and 2019, respectively, and none during 2018. Stock compensation expense related to the AGIP is included in general and administrative expense in the consolidated statements of comprehensive income (loss).

The following table illustrates changes in the Company's stock compensation liability for the periods presented:

	Amount
Balance, December 31, 2018	\$ -
Stock grant liability increase year to date	901
Stock grants reclassified from liability to equity year to date	(624)
Balance, December 31, 2019	277
Stock grant liability increase year to date	3,246
Stock grants reclassified from liability to equity year to date	(1,430)
Balance, December 31, 2020	\$ 2,093

As of December 31, 2020, the Company had 6,550,390 unvested common stock awards, adjusted to give effect to the Stock Split and unrecognized compensation costs totaling \$25,586 attributable to stock awards where the performance metric has been achieved and the number of shares awarded are fixed. The cost is expected to be recognized over a weighted average period of 2.16 years.

The following table illustrates the Company's stock activity for the Agent Growth Incentive Program for stock awards where the performance metric has been achieved for the following periods, adjusted to give effect to the Stock Split:

	Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2018	7,745,754	\$ 5.82
Granted	3,374,914	4.62
Vested and issued	(2,989,266)	5.61
Forfeited	(1,355,184)	1.70
Balance, December 31, 2019	6,776,218	\$ 5.52
Granted	2,777,894	9.11
Vested and issued	(1,980,870)	6.42
Forfeited	(1,022,852)	5.66
Balance, December 31, 2020	6,550,390	\$ 6.75

Stock Option Awards

Stock options are granted to directors, officers, certain employees, and consultants with an exercise price equal to the fair market value of common stock on the grant date, and the stock options expire 10 years from the date of grant. These options have time-based restrictions with equal and quarterly graded vesting over a three-year period.

The fair value of the options issued was calculated using a Black-Scholes-Merton option-pricing model with the following assumptions:

	Year Ended December 31,		
	2020	2019	2018
Expected term	5 - 6 years	5 - 6.25 years	6.25 - 10 years
Expected volatility	69.01% - 116.16%	91.0% - 127.9%	129.2% - 153.7%
Risk-free interest rate	0.21% - 1.58%	1.5% - 2.7%	2.9%
Dividend yield	-%	-%	-%

The following table illustrates the Company's stock option activity for the following periods, adjusted to give effect to the Stock Split:

	Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Balance, December 31, 2018	17,395,226	\$ 1.04	\$ 5.00	6.07
Granted	1,553,492	4.72	0.64	9.52
Exercised	(4,522,244)	0.51	8.56	-
Forfeited	(875,762)	3.97	2.45	-
Balance, December 31, 2019	13,550,712	\$ 1.45	\$ 8.43	5.59
Granted	3,441,772	10.85	0.05	9.55
Exercised	(6,538,628)	1.06	17.91	-
Forfeited	(602,798)	4.30	19.29	-
Balance, December 31, 2020	9,851,058	\$ 4.82	\$ 53.49	5.95
Exercisable at December 31, 2020	5,495,394	\$ 1.27	\$ 60.57	3.41
Vested at December 31, 2020	5,495,394	\$ 1.27	\$ 60.57	5.87

Range of stock option exercise prices at December 31, 2020:

\$0.01 - \$5.00 (average remaining life - 3.71 years)	5,750,462	\$ 1.02
\$5.01 - \$15.00 (average remaining life - 8.98 years)	3,545,116	\$ 8.13
\$15.01 - \$30.00 (average remaining life - 9.78 years)	555,480	\$ 22.93

The grant date fair value of options to purchase common stock is recorded as stock-based compensation over the vesting period. As of December 31, 2020, unrecognized compensation cost associated with the Company's outstanding stock options was \$25,736, which is expected to be recognized over a weighted-average period of approximately 1.23 years.

Stock Repurchase Plan

In December 2018, the Company's board of directors ("the Board") approved a stock repurchase program authorizing the Company to purchase up to \$25.0 million of its common stock, which was later amended in November 2019 and again in June 2020 increasing the authorized repurchase amount to \$75.0 million. In December 2020, the Board approved another amendment to the repurchase plan, increasing the total amount authorized to be purchased from \$75.0 million to \$400.0 million. Purchases under the repurchase program may be made in the open market or through a 10b5-1 plan and are expected to comply with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing and number of shares repurchased depends upon market conditions. The repurchase program does not require the Company to acquire a specific number of shares. The cost of the shares that are repurchased is funded from cash and cash equivalents on hand.

In December 2019, the Board approved the retirement of the Company's common stock related to repurchases made during 2019. On December 31, 2019, the Company retired 1,818,273 shares of common stock available in treasury valued at \$18,433.

For accounting purposes, common stock repurchased under the stock repurchase programs is recorded based upon the settlement date of the applicable trade. Such repurchased shares are held in treasury and are presented using the cost method. These shares are considered issued but not outstanding. The following table shows the changes in treasury stock for the periods presented:

	Year Ended December 31,		
	2020	2019	2018
Treasury stock:			
Balance, beginning of year	925,364	-	-
Repurchases of common stock	1,609,130	2,743,637	-
Retirement of treasury stock	-	(1,818,273)	-
Balance, end of year	2,534,494	925,364	-

12. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed based on net income (loss) attributable to eXp shareholders divided by the basic weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. The Company uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options. The

Company uses the if-converted method to reflect the potential dilutive effect of a \$1.0 million payment obligation relating to the November 2018 acquisition of Virbela, LLC, that may be paid in cash or common stock in November 2021.

The following table sets forth the calculation of basic and diluted earnings per share attributable to common stock during the periods presented, adjusted to give effect to the Stock Split:

	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income (loss) attributable to common stock	\$ 31,131	(\$ 9,528)	(\$ 22,430)
Denominator:			
Weighted average shares - basic	138,572,358	126,256,407	115,379,840
Dilutive effect of common stock equivalents	12,977,717	-	-
Weighted average shares - diluted	151,550,075	126,256,407	115,379,840
Earnings (loss) per share:			
Earnings (loss) per share attributable to common stock- basic	\$ 0.22	(\$ 0.08)	(\$ 0.19)
Earnings (loss) per share attributable to common stock- diluted	0.21	(0.08)	(0.19)

For the years ended December 31, 2020, 2019, and 2018, total outstanding shares of common stock excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive were 283,842, nil, and nil, respectively.

13. INCOME TAXES

The following table provides the components of income (loss) before provision for income taxes by domestic and foreign subsidiaries:

	Year Ended December 31,		
	2020	2019	2018
Domestic	\$ 31,356	(\$ 9,442)	(\$ 22,448)
Foreign	47	382	96
Total	\$ 31,403	(\$ 9,060)	(\$ 22,352)

The components of the provision for (benefit from) income tax expense are as follows:

	Year Ended December 31,		
	2020	2019	2018
Current:			
Federal	\$ -	\$ -	\$ -
State	275	320	77
Foreign	466	262	1
Total current income tax provision	741	582	78
Deferred			
Federal	23	17	-
State	24	15	-
Foreign	(375)	(117)	-
Total deferred income tax benefit	(328)	(85)	-
Total provision (benefit) for income taxes	\$ 413	\$ 497	\$ 78

The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	Year Ended December 31,		
	2020	2019	2018
Statutory tax rate	21.00%	21.00%	21.00%
State taxes	6.52%	0.35%	4.02%
Permanent differences	(0.09)%	(2.54)%	(0.57)%
Unrecognized tax benefit	(0.19)%	(0.67)%	-%
Share-based compensation	(42.09)%	11.51%	(10.46)%
Sec. 162m compensation limitation	4.03%	(1.31)%	-%
Foreign tax rate differential	0.01%	(1.68)%	(0.10)%
Valuation allowance	8.99%	(140.59)%	(15.43)%
Prior year true up items	3.07%	109.08%	-%
Other net	0.08%	(0.65)%	1.19%
Total	1.33%	(5.50)%	(0.35)%

Deferred tax assets and liabilities consist of the following for the periods presented:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Net operating loss carryforward	\$ 17,628	\$ 12,789
Accruals and reserves	883	436
Lease liability	219	311
Share-based compensation	5,575	6,456
Total gross deferred tax assets	24,305	19,992
Deferred tax liabilities:		
Property and equipment	(1,139)	(145)
Intangibles/Goodwill	(383)	(180)
Right of use lease asset	(214)	(311)
Valuation allowance	(22,116)	(19,271)
Net deferred tax assets	\$ 453	\$ 85

The Company accounts for deferred taxes under ASC Topic 740 – *Income Taxes* (“ASC 740”), which requires a reduction of the carrying amount of deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more-likely-than-not realization threshold criterion. This assessment considers matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The evaluation of the recoverability of the deferred tax assets requires that the Company weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. As of December 31, 2020, based on its assessment of the realizability of its net deferred tax assets, the Company continued to maintain a full valuation allowance against all of its federal and state net deferred tax assets. The Company has provided a valuation allowance as of December 31, 2020 and 2019 of \$22,116 and \$19,271, respectively, for its net deferred tax assets as it cannot conclude it is more likely than not all of the estimated deferred tax assets will be realized. The valuation allowance increased by \$2,845 and \$12,696 in 2020 and 2019, respectively. We intend to maintain a full valuation allowance until sufficient positive evidence exists to support reversal of all or some portion of the allowance. Due to improvements in the Company's operating results over the past year and anticipated growth in future periods, management believes that there is a reasonable possibility that, within the next 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

As of December 31, 2020, the Company had federal, state, and foreign net operating losses of approximately \$70.2 million, \$33.1 million, and \$2.2 million, respectively. Out of the federal net operating loss, approximately \$8.7 million will carry forward 20 years and can offset 100% of future taxable income; and \$61.5 million carries forward indefinitely and can offset 80% of taxable income. As of December 31, 2019, the Company conducted an IRC Section 382 analysis with respect to its net operating loss carryforward and determined there was an immaterial limitation.

Undistributed earnings of the Company's foreign subsidiaries are considered to be indefinitely reinvested and accordingly, no provision for applicable income taxes has been provided thereon. Upon distribution of those earnings, the Company would be subject to withholding taxes payable to various foreign countries. As of December 31, 2020 and 2019, the undistributed earnings of the Company's foreign subsidiaries were immaterial.

The Company maintains liabilities for uncertain tax positions. These liabilities involve considerable judgment and estimation and are continuously monitored by management based on the best information available, including changes in tax regulations, the outcome of relevant court cases, and other information. A reconciliation of the beginning and ending amount of gross unrecognized benefits is as follows:

	Year Ended December 31,		
	2020	2019	2018
Unrecognized tax benefits - beginning of year	\$ 54	\$ -	\$ -
Gross increase for tax positions of prior years	-	54	-
Gross decrease for federal tax rate change for tax positions of prior years	-	-	-
Gross increase for tax positions of current year	-	-	-
Settlements	(54)	-	-
Lapse of statute of limitations	-	-	-
Unrecognized tax benefits - end of year	\$ -	\$ 54	\$ -

The unrecognized tax benefits relate primarily to state taxes. As of December 31, 2020 and 2019, the total amount of unrecognized tax benefits, inclusive of interest, that would affect the Company effective tax rate, if recognized, was nil and \$61, respectively. The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2020 and 2019, the Company accrued interest or penalties related to uncertain tax positions in the amount of nil and \$7, respectively. The Company currently has no federal or state tax examinations in progress nor has it had any federal or state tax examinations since its inception. Because the Company has net operating loss carryforwards, there are open statutes of limitations in which federal, state and foreign taxing authorities may examine the Company's tax returns for all years from December 31, 2011 through the current period.

14. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to potential liability under laws and government regulations and various claims and legal actions that may be asserted against us that could have a material adverse effect on the business, reputation, results of operations or financial condition. Such litigation may include, but is not limited to, actions or claims relating to sensitive data, including proprietary business information and intellectual property and that of clients and personally identifiable information of employees and contractors, cyber-attacks, data breaches and non-compliance with contractual or other legal obligations.

There are no matters pending or, to the Company's knowledge, threatened that are expected to have a material adverse impact on the business, reputation, results of operations, or financial condition.

There are no proceedings in which any of the Company's directors, officers or affiliates, or any registered or beneficial stockholder is an adverse party or has a material interest adverse to the Company's interest.

15. SEGMENT INFORMATION

Historically, management has not made operating decisions and assessed performance based on geographic locations. Rather, the chief operating decision maker makes operating decisions and assesses performance based on the products and services of the identified operating segments. While management does consider real estate and brokerage services, the acquired technology and affiliated services provided to be identified operating segments, the profits and losses and assets of the acquired technology and affiliated series are not material.

Operating Segments

The Company primarily operates as a cloud-based real estate brokerage. The real estate brokerage business represented 99.6% and 99.9% of the total revenue of the Company for the years ended December 31, 2020 and 2019, respectively. The real estate brokerage business represents 98.9% and 95.8% of the total assets of the Company as of December 31, 2020 and 2019, respectively.

The Company offers software subscriptions to customers to access its virtual reality software platform. Additionally, the Company offers professional services for implementation and consulting services. However, the operations and assets of the technology segment are not managed by the Company's chief operating decision-maker as a separate reportable segment.

Services provided through First Cloud and eXp Silverline are in the emerging stages of development as contributing segments and are not material to the Company's total revenue, total net income (loss) or total assets as of December 31, 2020.

In 2020, the Company completed the Showcase and the Success acquisition. These are considered technology and affiliated services to the business, respectively, and are not material to the Company's total revenue, total net income (loss), or total assets for the year ended and as of December 31, 2020.

The Company aggregates the identified operating segments for reporting purposes and has one reportable segment.

Geographical Information

The Company primarily operates within the real estate brokerage markets in the United States and Canada. During the previous two years, the Company expanded operations into the U.K., Australia, South Africa, France, India, Portugal, and Mexico.

The Company's management analyzes geographical locations on a forward-looking basis to identify growth opportunities. For the years ended December 31, 2020 and 2019, approximately 5% and 2%, respectively, of the Company's total revenue was generated outside of the U.S. Assets held outside of the U.S. were 7% and 2% as of December 31, 2020 and 2019.

The Company's technology services and affiliated services are currently provided primarily in the U.S.

16. RELATED PARTY TRANSACTIONS

On November 4, 2020, Sanford Enterprises, a wholly-owned entity of Mr. Glenn Sanford, Chief Executive Officer and Chairman of the Board of the Company, purchased all of the membership equity interests in Success from Success Partners Holding Co, an unaffiliated third party, for cash consideration of \$8.0 million. In order to facilitate the Success Acquisition, the Company purchased all equity interests of Success from Sanford Enterprises for equal cash consideration of \$8.0 million on December 4, 2020. Prior to the acquisition, the Company was the largest customer of Success.

17. DEFINED CONTRIBUTION SAVINGS PLAN

During 2018, the Company established a defined contribution savings plan to provide eligible employees with a retirement benefit that permits eligible employees the opportunity to actively participate in the process of building a personal retirement fund. The Company sponsors the defined contribution savings plan. In 2019, the Company began matching a portion of contributions made by participating employees. For the years ended December 31, 2020 and 2019, the Company's costs for contributions to this plan were \$1,189 and \$654, respectively. The Company did not make any plan contributions during the year ended December 31, 2018.

18. SUBSEQUENT EVENTS

On March 2, 2021, the Company repaid all outstanding promissory notes issued to the previous owners of Showcase and notes payable assumed as part of the Showcase Acquisition. The repayments totaling approximately \$1.7 million represented the principal balance plus accrued interest and unpaid fees. The repayments of the notes payable did not result in a gain or loss on early extinguishment.

19. SELECTED QUARTERLY DATA (UNAUDITED)

Provided below is selected unaudited quarterly financial data for 2020 and 2019, including earnings per share, adjusted to give effect to the Stock Split.

	2020			
	Q1	Q2	Q3	Q4
Revenue	\$ 271,421	\$ 353,525	\$ 564,017	\$ 609,322
Commissions and other agent-related costs	243,406	319,164	517,169	558,935
Net income	141	8,235	14,918	7,696
Earnings (loss) per share				
Basic	\$ 0.00	\$ 0.06	\$ 0.10	\$ 0.05
Diluted	\$ 0.00	\$ 0.06	\$ 0.10	\$ 0.05
Weighted average shares outstanding				
Basic	133,241,235	137,267,291	140,754,887	143,026,018
Diluted	144,647,818	147,078,181	153,548,236	156,543,876
	2019			
	Q1	Q2	Q3	Q4
Revenue	\$ 157,034	\$ 266,705	\$ 282,179	\$ 274,019
Commissions and other agent-related costs	142,542	244,587	259,141	249,612
Net (loss) income	(6,296)	(2,195)	(1,847)	781
Earnings (loss) per share				
Basic	(\$ 0.05)	(\$ 0.02)	(\$ 0.01)	\$ 0.01
Diluted	(\$ 0.05)	(\$ 0.02)	(\$ 0.01)	\$ 0.01
Weighted average shares outstanding				
Basic	121,686,468	123,607,064	127,667,358	131,907,796
Diluted	121,686,468	123,607,064	127,667,358	131,907,796

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2020. The term "disclosure controls and procedures" means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation, the Company's management has concluded that our disclosure controls and procedures are effective as of December 31, 2020 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as follows.

Material Weakness Remediation

As previously reported, management identified that the Company had a material weakness in its internal control over financial reporting as of December 31, 2019, related to its general information technology controls ("GITC") in certain areas related to user access and program change-management over information technology ("IT") systems utilized by the Company. Since some of our business process controls (automated and manual) were dependent on the affected GITCs, they too were deemed ineffective because they could have been adversely impacted. We believe that these control deficiencies were a result of: IT control processes lacking sufficient documentation; insufficient testing of changes; lack of training for our personnel on the importance of GITCs; and a lack of access control considerations in the design of the systems that could impact internal control over financial reporting. The Company also identified that it did not fully implement key components of the COSO framework, including control and monitoring activities relating to: (i) providing oversight over the system of internal control, (ii) overseeing the nature and scope of monitoring activities and management's evaluation and remediation of deficiencies, (iii) using appropriate processes and technology to assign responsibility and segregate duties as necessary, (iv) maintaining quality through processing, and (v) attracting, developing, and retaining sufficient and competent personnel to support the achievement of internal control objectives. Management determined that the deficiencies, evaluated in the aggregate, could have potentially resulted in a material misstatement of the consolidated financial statements in a future annual or interim period that would not be prevented or detected. Therefore, the deficiencies constituted material weaknesses in internal control.

In response to these deficiencies, management implemented measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions included: (i) establishing an internal audit team to support the Company's entire control environment and its ongoing internal controls development and monitoring; (ii) creating and filling an IT compliance oversight function; (iii) educating control owners concerning the principles and requirements of each control, with a focus on those related to user access and change-management over IT systems impacting financial reporting; (iv) developing and maintaining documentation underlying GITCs to promote knowledge transfer upon personnel and function changes; (v) developing enhanced controls and reviews related to changes in IT systems; and (vi) performing an in-depth analysis of who should have access to perform key functions within the system that impact financial reporting and redesigning aspects of the system to better allow the access rights to be implemented. As a result of these efforts, the Company determined that the material weaknesses were remediated, and our internal control over financial reporting was effective as of December 31, 2020.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial

Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020. In making its evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2020. Our independent auditor, Deloitte and Touche LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting, which is included below.

Inherent Limitations on Effectiveness of Controls

Our management, including the Principal Executive Officer, the Principal Financial Officer, and the Principal Accounting Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of eXp World Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of eXp World Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated March 11, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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.

/s/ Deloitte & Touche LLP

San Francisco, California

March 11, 2021

Item 9B.

OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a written Code of Business Conduct and Ethics that applies to all directors, officers and employees, including a separate code that applies to only our principal executive officers and senior financial officers in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and the rules of the SEC promulgated thereunder. Our Code of Business Conduct and Ethics is available in the corporate governance subsection of the investor relations section of our website, www.expworldholdings.com, and is available in print upon written request to the Corporate Secretary, eXp World Holdings, Inc., 2219 Rimland Drive, Suite 301, Bellingham, WA 98226. In the event that we make changes in, or provide waivers from, the provisions of the Code of Business Conduct and Ethics that the SEC requires us to disclose, we will disclose these events in the corporate governance section of our website. Information contained on our website is not incorporated by reference into this report.

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Matters to be Voted on – Proposal 1: Election of Directors;
- Corporate Governance;
- Executive Officers;
- Section 16(a) Beneficial Ownership Reporting Compliance;
- Accounting Matters – Report of Audit Committee; and
- Certain Relationships and Related Transaction.

Item 11. EXECUTIVE COMPENSATION

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Matters to be Voted on – Proposal 3: Approval of 2020 Executive Compensation on an Advisory Basis;
- Corporate Governance – Compensation Committee;
- Executive Compensation; and
- Director Compensation.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes certain information regarding our equity compensation plan as at December 31, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	9,851,058	\$ 4.82	23,528,822
Equity compensation plans not approved by security holders	-	-	-
Total	9,851,058	\$ 4.82	23,528,822

Other information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Beneficial Ownership of Common Stock.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Corporate Governance – Board of Directors Overview;
- Corporate Governance – Controlled Company

- Certain Relationships and Related-Person Transactions; and
- Corporate Governance – Director Independence.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Matters to be Voted on – Proposal 2: Ratification of Appointment of Independent Auditor for 2021;
- Corporate Governance – Audit Committee; and
- Accounting Matters – Principal Independent Auditor Fees.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

See Consolidated Financial Statements in Item 8

(a) (2) Financial Statements Schedule**

** All other schedules have been omitted because they are inapplicable, not required or because the information is given in the Consolidated Financial Statements or notes thereto. This supplemental schedule should be read in conjunction with the Consolidated Financial Statements and notes thereto included in this report.

EXHIBITS

Exhibit Number	Exhibit Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference from Appendix A to the Company's Definitive Information Statement on Schedule 14C filed on October 9, 2018)
3.2	Amended and Restated Bylaws (incorporated by reference from Appendix B to the Company's Definitive Information Statement on Schedule 14C filed on October 9, 2018)
3.3	Certificate of Correction to the Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 24, 2020)
4.1	Description of Securities
10.1	2013 Stock Option Plan (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 2, 2013)
10.2	eXp Realty International Corporation 2015 Equity Incentive Plan (incorporated by reference to the Company's Definitive Information Statement on Schedule 14C filed on April 2, 2015)
10.3	First Amendment to eXp Realty International Corporation 2015 Equity Incentive Plan (incorporated by reference to Company's Definitive Information Statement on Schedule 14C filed on October 6, 2017)
10.4	Second Amendment to eXp World Holdings, Inc 2015 Equity Incentive Plan (incorporated by reference to Company's Definitive Information Statement on Schedule 14C filed on November 15, 2019)
10.5	eXp Realty International Corporation 2015 Agent Equity Program Enrollment Form (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 30, 2015)
10.6	eXp World Holdings, Inc Stock Repurchase Program (incorporated by reference from Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 27, 2018)
10.7	First Amendment to eXp World Holdings, Inc Stock Repurchase Program (incorporated by reference from the Company's Current Report on Form 8-K filed on November 27, 2019)
10.8	Second Amendment to eXp World Holdings, Inc Stock Repurchase Program, Board Resolution approved December 17, 2020
10.9	2020 Independent Contractor Agreement and Agent Equity Enrollment Form (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 5, 2020)
14.1	Code of Ethics (incorporated by reference from Exhibit 14.1 to the Company's Annual Report on Form 10-K filed on March 12, 2020)
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm (Deloitte & Touche LLP)
23.2	Consent of Independent Registered Public Accounting Firm (BDO USA, LLP)
31.1	Certification of the Chief Executive pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

eXp World Holdings, Inc.
(Registrant)

Date: March 11, 2021

/s/ Glenn Sanford

Glenn Sanford
Chief Executive Officer (Principal Executive Officer)

Date: March 11, 2021

/s/ Jeff Whiteside

Jeff Whiteside
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ GLENN SANFORD</u> Glenn Sanford	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	March 11, 2021
<u>/s/ JEFF WHITESIDE</u> Jeff Whiteside	Chief Financial Officer (Principal Financial Officer)	March 11, 2021
<u>/s/ KENT CHENG</u> Kent Cheng	Global Controller (Principal Accounting Officer)	March 11, 2021
<u>/s/ JAMES BRAMBLE</u> James Bramble	General Counsel and Corporate Secretary	March 11, 2021
<u>/s/ JASON GESING</u> Jason Gesing	Director	March 11, 2021
<u>/s/ EUGENE FREDERICK</u> Eugene Frederick	Director	March 11, 2021
<u>/s/ RANDALL MILES</u> Randall Miles	Director	March 11, 2021
<u>/s/ DARREN JACKLIN</u> Darren Jacklin	Director	March 11, 2021
<u>/s/ FELICIA GENTRY</u> Felicia Gentry	Director	March 11, 2021
<u>/s/ DAN CAHIR</u> Dan Cahir	Director	March 11, 2021

EXHIBIT IV

**DEFINITIVE PROXY STATEMENT
FILED BY EXP WORLD HOLDINGS, INC. WITH THE SEC ON APRIL 7, 2021
AS AMENDED BY THE DEFINITIVE PROXY STATEMENT
FILED BY EXP WORLD HOLDINGS, INC. WITH THE SEC ON APRIL 13, 2021**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to
Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

EXP WORLD HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount previously paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____
-



April 7, 2021

To the stockholders of eXp World Holdings, Inc.:

It is my pleasure to invite you to attend the Annual Meeting of Stockholders of eXp World Holdings, Inc. to be held on Monday, May 17, 2021, at 12:00 p.m., Pacific Time. This year's Annual Meeting will be a "virtual meeting" conducted via live audio webcast. Each holder of common stock as of the close of business on the record date of March 26, 2021, will be able to participate in the Annual Meeting by accessing a live webcast at <https://expworldholdings.com/expshareholdersummit2021>. Stockholders will be able to vote their shares via the Internet (i) until May 16, 2021 at 11:59 PM ET by logging into www.proxyvote.com and entering the control number included on their proxy card and (ii) during the meeting by logging into <https://virtualshareholdermeeting.com/EXPI2021> and entering the control number included on their proxy card. You will not be able to attend the Annual Meeting in person.

During the Annual Meeting, stockholders will be asked to elect the entire Board of Directors (the "Board") and to ratify the appointment of Deloitte & Touche LLP as our independent auditor for 2021. We also will be asking stockholders for approval, by an advisory vote, of our 2020 named executive officer compensation as disclosed in the Proxy Statement for the Annual Meeting (a "say-on-pay" vote). Additionally, we will be asking stockholders for approval of an amendment to our Amended and Restated Certificate of Incorporation ("Charter") to increase our number of authorized shares of common stock. All of these matters are important, and we urge you to vote in favor of the election of each of the director nominees, the ratification of the appointment of our independent auditor, the approval of our 2020 named executive officer compensation, and the amendment to our Charter.

The Notice of Meeting, Proxy Statement, and Annual Report on Form 10-K are available free of charge at <https://expworldholdings.com/investors/sec-filings/>.

It is important that you vote your shares of common stock by proxy, regardless of the number of shares you own. You will find the instructions for voting on your proxy card. We appreciate your prompt attention.

The Board invites you to participate in the Annual Meeting so that management can discuss business developments and trends with you. Thank you for your support, and we look forward to joining you at the Annual Meeting.

Sincerely,

/s/ Glenn Sanford

Glenn Sanford

Chief Executive Officer



**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 17, 2021**

The Board of Directors (the “Board”) is soliciting proxies for use at the eXp World Holdings, Inc. 2021 Annual Meeting. You are receiving the enclosed proxy statement because you were a holder of common stock as of the close of business on the record date of March 26, 2021, and therefore are entitled to vote at the Annual Meeting.

TIME & DATE: 12:00 p.m., Pacific Time
May 17, 2021

PLACE: Webcast only

Access at:

<https://expworldholdings.com/expshareholdersummit2021>

PURPOSE:

The purpose of the Annual Meeting is to consider and vote on the following proposals:

1. Elect seven directors.
2. Ratify the appointment of Deloitte & Touche LLP as our independent auditor for the fiscal year ending December 31, 2021.
3. Approve our 2020 named executive officer compensation on a non-binding advisory basis (“Say on Pay”).
4. Approve an amendment to our Amended and Restated Certificate of Incorporation (as amended, the “Charter”) to increase the number of authorized shares of our common stock, \$0.00001 par value per share, from 220,000,000 to 900,000,000.

In addition, any other business properly presented may be acted upon at the meeting.

RECORD DATE:

You are eligible to vote if you were a stockholder of record as of the close of business on March 26, 2021.

Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares as soon as possible.

Submitting a proxy will not prevent you from attending the Annual Meeting and voting at the meeting.

By Order of the Board of Directors,

/s/ James Bramble

James Bramble
Chief Legal Counsel

PROXY VOTING:

Your vote is important. You may vote your shares:

- over the internet before the Annual Meeting at www.proxyvote.com and entering the control number included on your proxy card.
- by mailing your completed proxy in advance of the Annual Meeting to:

Vote Processing
c/o Broadridge
51 Mercedes Way,
Edgewood, NY 11717
- over the internet during the Annual Meeting at <https://virtualshareholdermeeting.com/EXPI2021> and entering the control number included on your proxy card.

The Notice of Meeting, Proxy Statement, and Annual Report on Form 10-K are available free of charge at <https://expworldholdings.com/investors/sec-filings/>.



eXp WORLD HOLDINGS, INC
2219 Rimland Drive, Suite 301
Bellingham, WA 98226

Proxy Statement dated April 7, 2021

2021 Annual Meeting of Stockholders

eXp World Holdings, Inc., a Delaware corporation, is furnishing this Proxy Statement and related proxy materials in connection with the solicitation by its Board of Directors of proxies to be voted at its 2021 Annual Meeting of Stockholders and any adjournments. eXp World Holdings, Inc. is providing these materials to the holders of record of its common stock, \$0.00001 par value per share, as of the close of business on the record date of March 26, 2021 and is first making available or mailing the materials on or about April 7, 2021.

The Annual Meeting is scheduled to be held as follows:

Date	May 17, 2021
Time	12:00 p.m., Pacific Time
Webcast Only	<i>https://expworldholdings.com/expshareholdersummit2021</i>

Your vote is important.

Please see the detailed information that follows in the Proxy Statement.

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2021 Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. References in this Proxy Statement to “eXp World Holdings,” “eXp”, the “Company”, and to “we,” “us,” “our” and similar terms, refer to eXp World Holdings, Inc.

Annual Meeting of Stockholders

Time and Date	12:00 p.m., Pacific Time, on May 17, 2021
Meeting Webcast Address	https://expworldholdings.com/expshareholdersummit2021
Record Date	March 26, 2021
Voting	Stockholders will be entitled to one vote for each share of common stock they hold of record as of the record date on each matter submitted for a vote of stockholders at the Annual Meeting.
Shares Entitled to Vote	144,621,454 votes, based on 144,621,454 shares of common stock outstanding as of the record date, which does not include 2,999,404 shares held as treasury stock.

Annual Meeting Agenda

Proposal	Board Recommendation
1. Election of seven directors	FOR each nominee
2. Ratification of appointment of independent auditor for 2021	FOR
3. Approval, by a non-binding, advisory vote, on the 2020 compensation of our named executive officers	FOR
4. Approval of amendment to our Charter	FOR

How to Cast Your Vote

You can vote by any of the following methods:

Until 11:59 p.m., ET, on May 16, 2021	At the Annual Meeting on May 17, 2021
Internet: From any web-enabled device: www.proxyvote.com Mail: Completed, signed and returned proxy card	Internet: From any web-enabled device: https://virtualshareholdermeeting.com/EXPI2021

Voting Standards

For Proposal 1, a nominee for director will be elected to the Board by the affirmative vote of a majority of shares voting in the election. For Proposals 2 and 3, the affirmative vote of a majority of the shares voting on the matter is required to approve the proposal. Proposal 3 is an advisory vote and not binding on us, but the Board will consider the outcome of the vote on that proposal when considering future named executive officer compensation decisions. For Proposal 4, the affirmative vote of the holders of a majority of the outstanding shares of common stock as of the record date is required to approve the matter.

Abstentions and Broker Non-Votes

Abstentions and broker non-votes are counted for purposes of determining whether a quorum is present. Abstentions are not counted as votes cast on any proposal considered at the Annual Meeting and, therefore, will have no effect on the proposals regarding the election of directors in Proposal 1, the ratification of the appointment of our independent registered public accounting firm for 2021 in Proposal 2, or the advisory vote on the compensation of our named executive officers in Proposal 3. Abstentions will have the same effect as a vote “against” the proposal regarding the amendment to our Charter in Proposal 4. Broker non-votes occur when a person holding shares in “street name,” such as through a brokerage firm, does not provide instructions as to how to vote those shares and the broker does not then vote those shares on the stockholder’s behalf. Broker non-votes are not counted as votes cast or entitled to be cast on any proposal considered at the Annual Meeting and, therefore, will have no effect on the proposals regarding the election of directors in Proposal 1, or the advisory vote on the compensation of our named executive officers in Proposal 3. We expect no broker non-votes on the ratification of the appointment of our independent registered public accounting firm for 2021 in Proposal 2 or on the amendment to our Charter in Proposal 4.

Questions and Answers about the Annual Meeting

Q: *When and where will the Annual Meeting be held?*

A: This year the Annual Meeting of Stockholders of eXp World Holdings, Inc., which we refer to as the “Annual Meeting,” will be held exclusively by webcast at <https://expworldholdings.com/expshareholdersummit2021>, beginning at 12:00 p.m., Pacific Time, on May 17, 2021. We encourage you to access the Annual Meeting webcast prior to the start time.

Q: *Who may join the Annual Meeting?*

A: The live audio webcast of the Annual Meeting will be available for listening by the general public, but participation in the Annual Meeting, including voting shares and submitting questions, will be limited to stockholders. We encourage you to allow ample time to log in to the meeting webcast and test your computer audio system.

You may submit questions and comments before the Annual Meeting on the webcast site at <https://expworldholdings.com/expshareholdersummit2021>. After the Annual Meeting, we will take some time to answer stockholder questions that comply with the rules of conduct for the Annual Meeting. If we receive substantially similar questions, we will group such questions together and provide a single response to avoid repetition.

Q: *What happens if there are technical difficulties during the Annual Meeting?*

A: If we experience technical difficulties at the Annual Meeting and are not able to resolve them within a reasonable amount of time, we will adjourn the Annual Meeting to a later date and will provide notice of the date and time of such adjourned meeting at <https://expworldholdings.com/expshareholdersummit2021> and on a Current Report on Form 8-K that we will file with the SEC. For additional information on how you can attend any postponement or adjournment of the Annual Meeting, see “Q: *What happens if the Annual Meeting is postponed or adjourned?*” below.

Q: *What materials have been prepared for stockholders in connection with the Annual Meeting?*

A: We are furnishing you and other stockholders of record with this Proxy Statement for the 2021 Annual Meeting, which includes a letter from our Chief Executive Officer to stockholders, a Notice of 2021 Annual Meeting of Stockholders, a proxy card for the Annual Meeting and, if you received printed copies of the proxy materials, a pre-addressed envelope to be used to return the completed proxy card, as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

These materials were first made available on the Internet on or about April 7, 2021

Q: *What is a proxy?*

A: The term “proxy,” when used with respect to stockholder, refers to either a person or persons legally authorized to act on the stockholder’s behalf or a format that allows the stockholder to vote without being physically present at the Annual Meeting.

Because it is important that as many stockholders as possible be represented at the Annual Meeting, the Board is asking that you review this Proxy Statement carefully and then vote by following the instructions set forth on the proxy card. In voting prior to the Annual Meeting, you will deliver your proxy to Glenn Sanford and Jeff Whiteside, which means you will authorize Messrs. Sanford and Whiteside to vote your shares at the Annual Meeting in the way you instruct. All shares represented by valid proxies will be voted in accordance with the stockholder’s specific instructions.

Q: *What matters will the stockholders vote on at the Annual Meeting?*

A: Proposal 1 - The election of the Board's seven nominees for director: Glenn Sanford, Darren Jacklin, Jason Gesing, Eugene Frederick, Randall Miles, Dan Cahir and Felicia Gentry, each to serve until the next annual meeting or, in each case, until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal.

Proposal 2 – To ratify the appointment of Deloitte & Touche LLP as our independent auditor for the fiscal year ending December 31, 2021.

Proposal 3 – To conduct an advisory vote on our 2020 named executive officer compensation as disclosed in this Proxy Statement.

Proposal 4 – Approve an amendment to our Charter to increase the number of authorized shares of our common stock, \$0.00001 par value per share, from 220,000,000 to 900,000,000.

Q: *Who can vote at the Annual Meeting?*

A: Stockholders of record of common stock as of the close of business on March 26, 2021, the record date, will be entitled to vote at the Annual Meeting. As of the record date, there were outstanding a total of 144,621,454 shares of common stock, each of which will be entitled to one vote on each proposal. As a result, up to a total of 144,621,454 votes can be cast on each proposal. The shares outstanding do not include shares held as treasury stock which are not entitled to vote at the Annual Meeting.

Q: *What is a stockholder of record?*

A: A stockholder of record is a stockholder whose ownership of our common stock is reflected directly on the books and records of our transfer agent, Broadridge Financial Solutions, Inc. As described below, if you are not a stockholder of record, you will not be able to vote your shares unless you have a proxy from the stockholder of record authorizing you to vote your shares.

Q: *What does it mean for a broker or other nominee to hold shares in "street name"?*

A: If you beneficially own shares held in an account with a broker, bank or other nominee, that nominee is the stockholder of record and is considered to hold those shares in "street name." A nominee that holds your beneficially owned shares in street name will vote in accordance with the instructions you provide. If you do not provide the nominee with specific voting instructions with respect to a proposal, the nominee's authority to vote your shares will, under applicable rules, depend upon whether the proposal is considered a "routine" or a non-routine matter.

- The nominee generally may vote your beneficially owned shares on routine items for which you have not provided voting instructions to the nominee. The ratification of the appointment of our independent auditor for 2021 (Proposal 2) and the approval of the amendment to our Charter (Proposal 4) are considered routine matters under applicable rules.
- The nominee generally may not vote on non-routine matters, including Proposal 1, and Proposal 3. Instead, it will inform the inspector of election that it does not have the authority to vote on those matters. This is referred to as a "broker non-vote."

For the purpose of determining a quorum, we will treat as present at the Annual Meeting any proxies that are voted on any of the four proposals to be acted upon by the stockholders, including abstentions or proxies containing broker non-votes.

Q: *How do I vote my shares if I do not attend the Annual Meeting?*

A: If you are a stockholder of record, you may vote *prior* to the Annual Meeting as follows:

- *Via the Internet:* You may vote via the Internet by going to www.proxyvote.com, in accordance with the voting instructions on the proxy card. Internet voting is available 24 hours a day until 11:59 p.m., Eastern Time, on May 16, 2021. You will be given the opportunity to confirm that your instructions have been recorded properly.
- *By Mail:* You may vote by returning the completed and signed proxy card in a postage-paid return envelope that was provided with the proxy card, if you request a copy by mail.

If you hold shares in street name, meaning that you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a notice containing voting instructions from that nominee rather than from us. Please follow the voting instructions in the notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with the proxy materials, or contact your broker or bank to request a proxy form.

Q: *Can I vote at the Annual Meeting?*

A: If you are a stockholder of record, you may vote at the Annual Meeting, whether or not you previously voted, by visiting <https://virtualshareholdermeeting.com/EXPI2021> during the Annual Meeting and entering the 16-digit control number included on your proxy card. If your shares are held in street name, you must obtain a written proxy, executed in your favor, from the stockholder of record to be able to vote at the Annual Meeting.

Q: *May I change my vote or revoke my proxy?*

A: If you are a stockholder of record and previously delivered a proxy, you may subsequently change or revoke your proxy at any time before it is exercised by:

- voting before the Annual Meeting at www.proxyvote.com;
- voting during the Annual Meeting at <https://virtualshareholdermeeting.com/EXPI2021>; or
- submitting a completed and signed proxy card, with a later date, before voting at the Annual Meeting is completed.

If you are a beneficial owner of shares held in street name, you should contact your bank, broker or other nominee for instructions as to whether, and how, you can change or revoke your proxy.

Q: *What happens if I do not give specific voting instructions?*

A: If you are a stockholder of record and you return a proxy card without giving specific voting instructions, the proxy holders will vote your shares in the manner recommended by the Board on all three proposals presented in this Proxy Statement and as they may determine in their discretion on any other matters properly presented for a vote at the Annual Meeting.

If you are a beneficial owner of shares held in street name and do not provide specific voting instructions to the broker, bank or other nominee that is the stockholder of record of your shares, the nominee generally may vote on routine, but not non-routine, matters. The ratification of the appointment of our independent auditor for 2021 (Proposal 2) and the approval of the amendment to our Charter (Proposal 4) are considered routine matters. If the nominee does not receive instructions from you on how to vote your shares on Proposal 2 or Proposal 4, your broker is entitled (but not required) to vote your shares on those matters. The election of directors (Proposal 1), and approval, on a non-binding advisory basis, of the compensation paid to our named executive officers (Proposal 3) are considered non-routine

matters under applicable rules, and your broker is not entitled to vote your shares on these proposals without your instructions. See “Q. *What does it mean for a broker or other nominee to hold shares in ‘street name’?*” above.

Q: *Who is paying for this proxy solicitation?*

A: We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Q: *What if other matters are presented at the Annual Meeting?*

A: If a stockholder of record provides a proxy by voting in any manner described in this Proxy Statement, the proxy holders will have the discretion to vote on any matters, other than the four proposals presented in this Proxy Statement, that are properly presented for consideration at the Annual Meeting. We do not know of any other matters to be presented for consideration at the Annual Meeting.

Q: *What happens if the Annual Meeting is postponed or adjourned?*

A: Your proxy may be voted at the postponed or adjourned Annual Meeting. You will still be able to change your proxy until it is voted.

Any adjournment of the Annual Meeting can be accessed at the same website listed above and you may vote at any postponement or adjournment using your same 16-digit control number.

Q: *Where can I find the voting results of the Annual Meeting?*

A: Our intention is to announce the preliminary voting results at the Annual Meeting and to publish the final results within four business days after the Annual Meeting on a Current Report on Form 8-K to be filed with the SEC.

Vote Required for Election or Approval

Introduction

eXp World Holdings Inc.'s only voting securities are the outstanding shares of common stock. As of the record date, March 26, 2021, there were 144,621,454 shares of common stock outstanding, of which 144,621,454 shares will be entitled to one vote on each proposal. As a result, up to a total of 144,621,454 shares of common stock will be entitled to one vote on each proposal. The shares outstanding do not include shares held as treasury stock which are not entitled to vote at the Annual Meeting.

Only stockholders of record as of the record date will be entitled to notice of, and to vote at, the Annual Meeting. A majority of the outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. For the purpose of determining a quorum, we will treat as present at the Annual Meeting any proxies that are voted on any matter to be acted upon by the stockholders, as well as abstentions or any proxies containing broker non-votes.

Proposal 1 - Election of Directors

Each director will be elected by the affirmative vote of a majority of shares that are voting in the election. Abstentions and broker non-votes will not have any effect on the outcome of the election of directors because they are not counted as voting in the election.

Proposal 2 - Ratification of Appointment of Independent Auditor for 2021

The ratification of Deloitte & Touche LLP as our independent auditor for the year ending December 31, 2021 must be approved by affirmative votes constituting a majority of the shares that are voting on the matter. Abstentions will not have any effect on the outcome of the election of directors because they are not counted as voting in the election. Because this proposal is considered a routine matter, discretionary votes by brokers will be counted and we do not expect any broker non-votes.

Proposal 3 - Approval of 2020 Executive Compensation on an Advisory Basis

The advisory "say-on-pay" vote to approve the compensation to our named executive officers in 2020 as disclosed in this Proxy Statement must be approved by affirmative votes constituting a majority of the shares that are voting on the matter. Abstentions and broker non-votes will have no effect on the outcome of this proposal, because they are not counted as voting.

Proposal 4 - Approval of Amendment to Charter

The vote to approve the amendment to our Charter as disclosed in this Proxy Statement must be approved by affirmative votes constituting a majority of the outstanding shares as of the record date entitled to vote thereon. Abstentions will have the same effect as votes "against" this proposal. Because this proposal is considered a routine matter, discretionary votes by brokers will be counted and we do not expect any broker non-votes.

PROPOSAL 1 – ELECTION OF DIRECTORS

At the Annual Meeting, stockholders will elect the entire Board of Directors to serve for the ensuing year and until their successors are elected and qualified. The Board has designated as nominees for election the seven persons named below, each of whom currently serves as a director.

Shares of common stock that are voted as recommended by the Board will be voted in favor of the election as directors of the nominees named below. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election, the shares represented by a duly completed proxy may be voted in favor of such other person as may be determined by the proxy holders.

The Board, based on the recommendation of the Corporate Governance Committee, has proposed that the following seven nominees be elected at the Annual Meeting, each of whom will hold office until the next Annual Meeting of Stockholders or until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal.

The authorized number of directors of the Company is currently set at eleven.

Name	Position	Age	Date First Elected or Appointed
Glenn Sanford	Chairman, Chief Executive Officer, and Director	54	March 12, 2013
Darren Jacklin	Director	48	May 22, 2014
Jason Gesing	Chief Executive Officer, eXp Realty, and Director	47	September 27, 2014
Eugene Frederick	Director	65	April 7, 2016
Randall Miles	Director	65	July 20, 2016
Dan Cahir	Director	38	November 29, 2018
Felicia Gentry	Director	52	May 28, 2020

Glenn Sanford, our Chairman, Chief Executive Officer, and Director beneficially owned approximately 30.15% of our outstanding common stock as of February 16, 2021. Penny Sanford, one of our stockholders, beneficially owned approximately 20.45% of our outstanding common stock as of February 16, 2021. Jason Gesing, the Chief Executive Officer of eXp Realty, LLC, the Company’s main operating division which is a cloud-based international residential real estate brokerage (“eXp Realty”), and one of our Directors beneficially owned 1.99% of our outstanding common stock as of February 16, 2021. Eugene Frederick, one of our Directors, beneficially owned 3.28% of our outstanding common stock as of February 16, 2021. In March 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick filed a Schedule 13D/A with the U.S. Securities and Exchange Commission (the “SEC”) indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. Accordingly, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick collectively own a number of shares of our common stock sufficient to elect all of the members of the Board without the approval of any other stockholders. Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick are expected to vote for each director nominee.

Director Nominees’ Biographical and Related Information

Glenn Sanford has served as our Chief Executive Officer and Director since March 13, 2013. Since 2002, Mr. Sanford has been actively involved in the residential real estate space. In early 2007, Mr. Sanford launched BuyerTours Realty, LLC and grew the Company to three offices and into two states. After the decline in the real estate market in 2008, Mr. Sanford and his executive team rewrote the entire business model to reduce costs and provide consumers with more information and access. In October 2009, Glenn Sanford founded and launched eXp Realty, LLC as the first truly cloud-based national real estate brokerage which meant giving up the traditional brick and mortar

environment and moving to a fully-immersive 3D virtual office environment where agents, brokers and staff collaborate across borders while learning and transacting business from anywhere in the world. Since that time, eXp Realty has quickly grown throughout the United States, Canada, Australia, the U.K, South Africa, France, Mexico, Portugal, and Italy, with a number of additional countries recently announced.

Prior to BuyerTours Realty, Mr. Sanford ran a large mega-agent team and consulted to Keller Williams International as a member of the Agent Technology Council in the areas of online client acquisition, client conversion and technology. Mr. Sanford was also a significant contributor to Keller Williams Internet Lead Generation Masterminds. Prior to real estate, Mr. Sanford was active at the executive level with a number of technology-related companies. In 1998, Mr. Sanford founded and served as President for eShippers.com, an online e-commerce and logistics company.

The Board believes that Mr. Sanford is qualified to serve on our Board of Directors because of his business and management experience.

Darren Jacklin has served as an independent director of the Company since May 22, 2014. For over 25 years, Mr. Jacklin has worked as a consultant with the Darren Jacklin Group of Companies Inc. and has traveled four continents and over 48 countries mentoring entrepreneurs and business owners on specific and measurable strategies designed to increase their income, transform their obstacles into cash flow and turn their passion into profits. Since January 2017, Mr. Jacklin has also served as the Managing Director of Grandeur Capital Corp., Darren Jacklin Group of Companies and BC 166370. In 2019, Mr. Jacklin also co-founded LY2NK Foundation, a private family foundation for global philanthropy.

His ability to identify potential investment and growth opportunities has been recognized by Tiger 21, The Wall Street Journal, Yahoo Finance, NBC TV, CBS TV, Global TV international radio stations, magazines and newspapers, movie producers, best-selling authors, CEO's and business experts worldwide.

Darren Jacklin currently sits on paid international boards of directors of OrbVest Ltd. And ReachOut IT. Mr. Jacklin has consulted with over 150 Fortune 500 companies such as Microsoft, AT&T, Black & Decker, Barclays Bank, as well as high school, college, university students and professional athletes and has connected with people in more than 126 countries.

We believe Mr. Jacklin is qualified to serve on our Board of Directors because of his business experience and venture capital background.

Jason Gesing joined the Company in March 2010 and was appointed Chief Business Development Officer in September 2012, a position he held until June 2014. From June 2014 through September 2016, Mr. Gesing served as the Corporation's President. From September 2016 through August 2018, Mr. Gesing served as Chief Executive Officer of our Real Estate Brokerage Division. Mr. Gesing reassumed the role of Chief Executive Officer of our Real Estate Brokerage Division in October 2019 and currently serves in that role. With over 15 years of experience in real estate in various capacities, Mr. Gesing holds a broker's license in Massachusetts.

Mr. Gesing was an attorney with Murphy, Hesse, Toomey & Lehane, LLP in Boston, MA from 2002 to 2010. In his capacity as a lawyer, he obtained a broad base of experience in corporate, municipal, real estate, compliance, health care, construction, litigation, and administrative law, and advising clients on day to day issues and managing crises. He has acted in a variety of roles and undertaken a variety of matters including: corporate counsel; municipal counsel; hospital counsel; leasing, licensing and contract negotiation; governance and compliance; appearances before administrative hearing officers and state judges; defense of management in unfair labor practice charges; collective bargaining; internal investigations; and, owner representative in construction matters.

Mr. Gesing obtained a Bachelor of Arts (Magna Cum Laude) in 1996 from Syracuse University, and a Juris Doctor in 2002 from Boston College Law School. He is licensed to practice law in Massachusetts and New Hampshire.

The Board believes that Mr. Gesing is qualified to serve on our Board of Directors because of his business and legal experience.

Eugene Frederick has served as a director of the Company since April 2016 and joined the Company as an agent in April 2015. For over a decade prior to joining the Company, Mr. Frederick served in various management capacities at Keller Williams Realty. Mr. Frederick spent much of this time recruiting other top-producing real estate agents in the states of Virginia and Texas. Prior to joining the Keller Williams management team in the mid-nineties, Mr. Frederick was one of the top-producing real estate agents in the State of Texas beginning in the late eighties. Earlier in his career, in the mid-eighties, Mr. Frederick served as Controller for Texas Instruments before leaving the corporate world for real estate.

The Board believes that Mr. Frederick is qualified to serve on our Board of Directors because of his extensive experience in residential real estate and his leadership ability, particularly in managing growth.

Randall Miles has served as an independent director of the Company since July 2016 and was appointed Vice-Chairman on January 20, 2018. For over 25 years Mr. Miles has held senior leadership positions in global financial services, financial technology and investment banking companies. His extensive investment banking background at bulge bracket, regional and boutique firms advising financial services companies on strategic and capital structure needs has crossed many disciplines. Mr. Miles' transactional and advisory experience is complemented by leadership roles at public and private equity backed financial technology, specialty finance and software companies that have included Chairman and CEO at LIONMTS where he was nominated for the Ernst & Young Entrepreneur of the Year award, CEO at Syngence Corporation, COO of AtlasBanc Holdings Corp. and CEO of Advantage Funding / NAFCO Holdings.

Mr. Miles is Managing Partner at SCM Capital Group, a global strategic and capital structure advisory firm, where he has served since in 2003. Mr. Miles also serves as head of investment banking for Tigress Financial Partners LLC. Previously, he served as a Managing Director at Riparian Partners, a division of Oppenheimer & Co., Inc. as Senior Managing Director, Head of FIG and COO, Investment Banking at Cantor Fitzgerald & Co. Mr. Miles has held senior leadership roles at Oppenheimer & Co., D.A. Davidson and & Co., The First Boston Corporation (Credit Suisse) Meridian Capital and Greenwich Capital Markets. Mr. Miles has broad public, private and nonprofit board experience and has been active for many years in leadership roles with the Make-A-Wish Foundation. He presently serves on the boards of Kuity, Corp., Posiba, Inc., Arthur H. Thomas Company as Vice Chairman, Chairman, and Vice Chairman respectively.

Mr. Miles holds a BBA from the University of Washington and holds FINRA licenses Series 7, 24, 63 and 79.

The Board believes that Mr. Miles is well qualified to serve on the Company's Board of Directors because of his extensive background in investment banking and financial services.

Dan Cahir has served as an independent director of the Company since November 29, 2018. Mr. Cahir has more than 10 years of experience managing public and private equity investments across a variety of industries. Currently, Mr. Cahir serves as the Chief Executive Officer and Chief Investment Officer of Sapling Capital, LLC, positions he has held at Sapling Capital, LLC and its related entities since June 2018.

From June 2013 to June 2018, Mr. Cahir served as a portfolio manager at Long Light Capital, managing a public equity portfolio and evaluating venture capital and private equity investments and allocations to external fund managers. From September 2011 to April 2013, Mr. Cahir was a member of the investment team at Ziff Brothers Investments, a private investment firm. From August 2007 to September 2009, Mr. Cahir was a member of the investment team at Madrone Capital Partners where he led the analysis on venture capital, private equity and public equity investments.

Mr. Cahir began his career in September 2005 with Bain & Co., where he advised Fortune 500 and private equity clients on M&A, growth and efficiency initiatives until June 2007.

Mr. Cahir completed his studies and earned his Bachelor of Arts Degree in Economics in 2005, graduating with the summa cum laude distinction from Claremont McKenna College and completed his studies and earned a Master of Business Administration from Harvard Business School in 2011.

The Board believes that Mr. Cahir is qualified to serve on our Board of Directors because of his extensive experience in managing equity portfolios and well as advising Fortune 500 clients on M&A, growth and cost-cutting strategies.

Felicia Gentry was elected a director of the Company on May 28, 2020 and joined the Company as an agent in May 2017. Ms. Gentry is the co-chair and one of the original founders of ONE eXp, eXp Realty's initiative for diversity and inclusion. Ms. Gentry has more than 15 years of experience in the real estate industry, including being named a top local agent in her first year. Ms. Gentry has also founded several business in the rehab, fitness and sports training industries since 2004.

Ms. Gentry completed her studies and earned her Bachelor of Science Degree in Psychology from Virginia Commonwealth University in 1991 and completed her studies and earned a Master of Business Administration from Our Lady of the Lake University in 2000 where she focused on entrepreneurship and marketing.

The Board believes that Ms. Gentry is qualified to serve on our Board of Directors because of her experience in residential real estate and her leadership ability.

Stockholder Communications to the Board

Stockholders may contact an individual director, the Board as a group, or a specified Board committee or group, including the non-employee directors as a group, by mailing correspondence in the following manner:

c/o Corporate Secretary
eXp WORLD HOLDINGS, INC.
2219 Rimland Drive, Suite 301
Bellingham, WA 98226

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Our Corporate Secretary will initially receive and process communications before forwarding them to the addressee. All communications from stockholders will be promptly forwarded to the addressee(s).

Recommendation

THE BOARD OR DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE “**FOR**” EACH OF THE NOMINEES FOR DIRECTOR.

Corporate Governance

Board of Directors Overview

Under our Bylaws and the Delaware General Corporation Law, our business and affairs are managed by or under the direction of the Board of Directors, which selectively delegates responsibilities to its standing committees. The Board is responsible for the control and direction of the Company. The Board represents the stockholders and its primary purpose is to build long-term stockholder value. Our Chairman of the Board is our Chief Executive Officer, Glenn Sanford. The Board believes that this leadership structure is appropriate given Mr. Sanford's role in founding eXp World Holdings, Inc. and his significant ownership stake. The Board believes that this leadership structure improves the Board's ability to focus on key policy and operational issues and helps the Company operate in the long-term interests of stockholders.

The Board maintains an Audit Committee, a Compensation Committee and a Corporate Governance Committee. The Board has adopted charters for each of the committees, and those charters are to be reviewed annually by the committees and the Board. The charter of each of the committees is available on our website at <https://expworldholdings.com/investors/governance/>. The committees have the functions and responsibilities described in the sections below.

Controlled Company

Under the rules of the Nasdaq Stock Market, a company is a "controlled company" if more than 50% of the combined voting power for the election of directors is held by an individual, group or another company. Glenn Sanford, our Chairman, Chief Executive Officer, and Director beneficially owned approximately 30.15% of our outstanding common stock as of February 16, 2021. Penny Sanford, one of our stockholders, beneficially owned approximately 20.45% of our outstanding common stock as of February 16, 2021. Jason Gesing, the Chief Executive Officer of eXp Realty, and one of our Directors beneficially owned 1.99% of our outstanding common stock as of February 16, 2021. Eugene Frederick, one of our Directors, beneficially owned 3.28% of our outstanding common stock as of February 16, 2021.

In March 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick filed a Schedule 13D/A with the SEC indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. Accordingly, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick collectively own a number of shares of our common stock sufficient to elect all of the members of the Board without the approval of any other stockholders. As a result of this concentration, we are a "controlled company" within the meaning of Nasdaq's corporate governance standards. Accordingly, we currently avail ourselves of the "controlled company" exception available under the Nasdaq rules which exempts us from certain corporate governance requirements, including the requirements that we have a majority of independent directors on our Board, that compensation of the executive officers be determined, or recommended to the Board for determination, by a majority of the independent directors or a compensation committee comprised solely of independent directors, and that director nominees be selected, or recommended for the Board's selection, by a majority of the independent directors or a nominations committee comprised solely of independent directors. These exemptions do not modify the independence requirements for our Audit Committee. Presently, we utilize these "controlled company" exemptions to the corporate governance requirements of Nasdaq, and as a result, our governance and compensation committees do not consist entirely of independent directors. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Director Independence

Our Board annually reviews the independence of all non-employee directors. Our Board has determined, after considering all the relevant facts and circumstances, including information requested from and provided by each director concerning his or her background, employment and affiliation, including family relationships, that Mr. Miles, Mr. Jacklin and Mr. Cahir are independent directors, as "independence" is defined by the listing standards of Nasdaq and the SEC, because they have no relationship with us that would interfere with their exercise of independent judgment. There are no family relationships among any of our directors and director nominees or executive officers.

Board Meetings and Committees

The Board meets regularly during the year and holds special meetings and acts by unanimous written consent whenever circumstances are required. There were a total of ten Board meetings during fiscal year ending 2020. All incumbent directors attended at least 75% of the aggregate number of the meetings of the Board and committees on which they served occurring during this period. Each then-current member of the Board attended the 2020 annual meeting of the stockholders. Our bylaws authorize our Board of Directors to appoint, from among its members, one or more committees, each consisting of one or more directors. Our Board of Directors has established three standing committees: an Audit Committee, a Compensation Committee, and a Corporate Governance Committee. The Committees keep the Board informed of their actions and provide assistance to the Board in fulfilling its oversight responsibility to stockholders. The table below provides current membership information as well as meeting information for the last fiscal year. The members of our Audit Committee consist entirely of independent directors.

Director	Independent	Audit Committee	Compensation Committee	Governance Committee
Glenn Sanford			Chair	
Darren Jacklin	X	X		X
Jason Gesing				Chair
Eugene Frederick				
Randall Miles	X	Chair	X	X
Dan Cahir	X	X	X	
Felicia Gentry				

The functions performed by these Committees, which are set forth in more detail in their charters, are summarized below.

Board Oversight of Risk

The Board has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable the Board to understand our risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The Board is responsible for monitoring and assessing strategic risk exposure, while the audit committee considers and discusses our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our Audit Committee, Corporate Governance Committee and Compensation Committee support our Board in discharging its oversight duties and address risks inherent in their respective areas. We believe this division of responsibilities is an effective approach for addressing the risks we face and that our board leadership structure supports this approach.

Our Company is a leader in the industry due in large part to our cloud-based brokerage model. Our business, and particularly our cloud-based platform, is reliant on the uninterrupted functioning of our information technology systems. The secure processing, maintenance, and transmission of information are critical to our operations, especially the processing and closing of real estate transactions. The Board, with consultation from Mr. John Tobison, in his capacity as Chief Information Officer, oversee the employment of measures designed to prevent, detect, address, and mitigate these threats (including access controls, data encryption, vulnerability assessments, and maintenance of backup and protective systems).

The Audit Committee

The purposes of the Audit Committee include reviewing and approving the selection of our independent registered public accounting firm, and approving the audit and non-audit services to be performed by our independent registered public accounting firm, monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters, reviewing the adequacy and effectiveness of our internal control policies and procedures, and discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results.

The Audit Committee currently consists of Mr. Cahir, Mr. Jacklin, and Mr. Miles, each of whom is an independent director of our company under Nasdaq listing standards as well as under rules adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. Our Board of Directors has determined that Mr. Miles qualifies as an “audit committee financial expert” in accordance with applicable rules and regulations of the SEC. Mr. Miles also serves as the Chair of the Audit Committee. There were a total of four Audit Committee meetings during fiscal year ending 2020.

The Compensation Committee

The purpose of the Compensation Committee includes overseeing our compensation policies, plans, and benefit programs, overseeing our submissions to stockholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, reviewing and approving for our executive officers: annual base salary, annual incentive bonus, including the specific goals and amount, equity compensation, employment agreements, severance arrangements, and any other benefits, compensation, or arrangements, and administering our equity compensation plans.

The Compensation Committee currently consists of Mr. Cahir, Mr. Miles, and Mr. Sanford. Messrs. Cahir and Miles are independent directors of our company under Nasdaq listing standards as well as under rules adopted by the SEC pursuant to Sarbanes-Oxley. Mr. Sanford serves as the Chair of the Compensation Committee. There were a total of two Compensation Committee meetings during fiscal year ending 2020.

The Corporate Governance Committee

The purposes of the Corporate Governance Committee include overseeing and evaluating the Board’s performance and the Company’s compliance with corporate governance regulations, guidelines and principles and selecting, or recommending to our Board of Directors for selection, individuals to stand for election as directors. Our Governance Committee serves the function of a nominating committee of the Board.

The Corporate Governance Committee currently consists of Messrs. Gesing, Jacklin and Miles. Messrs. Jacklin and Miles are independent director of our company under Nasdaq listing standards, as well as under rules adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002. Mr. Gesing serves as the Chair of the Corporate Governance Committee. There were a total of three Corporate Governance Committee meetings during fiscal year ending 2020.

Director Nominations

In making its selection of director candidates, the Corporate Governance Committee bears in mind that the foremost responsibility of a director is to represent the interests of our stockholders as a whole. Directors are expected to exemplify the highest standards of personal and professional integrity, and to constructively challenge management through their active participation and questioning. The Corporate Governance Committee identifies and evaluates nominees for our Board based on these and other factors it considers appropriate, some of which may include strength of character, mature judgment, career specialization, relevant technical skills, expertise in areas relevant to the strategy and operations of our company, diversity, and the extent to which the nominee would fill a present need on our Board. The activities and associations of candidates are also reviewed for any legal impediment, conflict of interest, or other consideration that might prevent service on our Board. The Corporate Governance Committee does not have a written

policy on the consideration of director candidates recommended by stockholders, as it is the view of the Board that all candidates, whether recommended by a stockholder or the Corporate Governance Committee, shall be evaluated based on the same established criteria for persons to be nominated for election to the Board and its committees. The Corporate Governance Committee and the Board have deemed it to be in the best interests of the Company and our stockholders to reserve one position on the Board to be filled by an agent of the Company so that our agents' needs, ideas and concerns are represented on the Board. During 2020, Ms. Susan Truax filled this dedicated position until May 28, 2020, and was succeeded by Ms. Gentry. The Corporate Governance Committee and Board are proposing that Ms. Gentry be reelected as a member of the Board pursuant to this Proxy Statement.

Code of Ethics

The Company adopted a Code of Ethics that applies to all of its directors, officers (including its chief executive officer, chief financial officer, chief accounting officer, controller and any person performing similar functions) and employees. The Company has made the Code of Ethics available on its website at https://expworldholdings.com/wp-content/uploads/2021/02/Code_of_Business_Conduct_and_Ethic.pdf.

Compensation Committee Interlocks and Insider Participation

Currently, the members of our Compensation Committee are Messrs. Sanford, Miles and Cahir. Neither Mr. Miles nor Mr. Cahir currently serve, or in the past year has served, as an officer or employee of the Company. Mr. Sanford currently serves, and during the past year served, as the Company's Chief Executive Officer and employee of the Company. None of our NEOs, except for Messrs. Sanford and Gesing, currently serves, or in the past year has served, as a member of the Board, and none of our executive officers currently serves, or in the past year has served, as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our Board or Compensation Committee.

Non-Employee Director Compensation

Our director compensation program is intended to enhance our ability to attract, retain and motivate non-employee directors of exceptional ability and to promote the common interest of directors and stockholders in enhancing the value of the common stock. The Board of Directors reviews director compensation at least annually. The Corporate Governance Committee has the sole authority to engage a consulting firm to evaluate director compensation.

For the year ended December 31, 2020, Mr. Miles' cash compensation was \$231,255 and he was issued a stock option having a value of \$83,415 on July 31, 2020, which vests monthly over three years, for directorship activities. For the year ended December 31, 2020, Mr. Jacklin's cash compensation was \$200,012 and he was issued common stock each month beginning January 2020 and ending July 2020, in the aggregate amount of \$14,052, and a stock option having a value of \$83,415 on July 31, 2020, which vests monthly over three years, for directorship activities. For the year ended December 31, 2020, Mr. Cahir's cash compensation was \$216,680 for directorship activities. Ms. Truax was a member of the Board of Directors until May 28, 2020. For the year ended December 31, 2020, Ms. Truax's cash compensation was \$19,083 for directorship activities. Additionally, Ms. Truax received revenue sharing for her role as an agent of the Company and not in connection with her directorship activities. For the year ended December 31, 2020, Ms. Truax received cash payments of \$183,372 and stock awards valued at \$5,031 under our agent revenue sharing program in connection with her role as an agent of the Company. For the year ended December 31, 2020, Mr. Frederick received \$24,151 in stock awards for his directorship activities, but did not receive any cash payments for his directorship activities. Additionally, Mr. Frederick received revenue sharing for his role as an agent of the Company and not in connection with his directorship activities. For the year ended December 31, 2020, Mr. Frederick received cash payments of \$3,828,716 and stock awards valued at \$13,451 under our agent revenue sharing program in connection with his role as an agent of the Company. For the year ended December 31, 2020, Ms. Gentry's cash compensation was \$14,583 for directorship activities. Additionally, Ms. Gentry received revenue sharing for her role as an agent of the Company and not in connection with her directorship activities. For the year ended December 31, 2020, Ms. Gentry received cash payments of \$47,767 and stock awards valued at \$1,014 under our agent revenue sharing program in connection with her role as an agent of the Company. The dollar amounts described above and shown below represent the aggregate grant date fair value of stock

awards and stock options granted, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718, based on the closing price of our common stock on the applicable grant date, vesting is contingent on continued service, and stock awards are granted fully vested. The number of shares of common stock to be issued is determined by the closing price of the last trading day of the month. Directors are reimbursed for reasonable out-of-pocket expenses incurred in the performance of duties as a Board member.

On April 7, 2020, the cash compensation fees for each independent member of the Board were reduced by 50% due to the potential impacts of the COVID-19 pandemic on the Company's business. The temporary compensation reductions were effective immediately. The Board of Directors approved all temporary changes in director compensation. On May 28, 2020, the Board reinstated the cash compensation for the independent members of the Board and issued back pay for the cash compensation reductions taken since April 7, 2020, due to the Company's performance.

On July 31, 2020, the Board adopted a formal policy pursuant to which our non-employee directors are eligible to receive certain cash retainers and equity awards in lieu of any individual compensatory arrangements. The Board adopted this policy to provide for better transparency and parity of compensation among directors. In determining the formal policy, the Board considered director compensation paid by peer companies and the incentives necessary to retain highly-talented and valued directors. Pursuant to that policy, independent directors are eligible to receive up to \$200,000 annually, paid monthly. Independent directors that assume leadership roles are eligible to receive additional cash compensation equal to \$25,000 annual cash compensation for the Vice Chairman, paid monthly; \$50,000 annual cash compensation for the Audit Committee Chairman, paid monthly; \$25,000 annual cash compensation for the Compensation Committee Chairman, paid monthly; and \$25,000 annual cash compensation for the Governance Committee Chairman, paid monthly. When an independent director is first elected to the Board, he or she will be eligible to receive a stock option having a value of up to \$300,000 per year using the Black Scholes valuation methodology, which will vest periodically over three years, subject to continued service. Additionally, each independent director is eligible to receive additional annual stock options beginning upon the commencement of his or her fourth year of directorship and each year thereafter, with each annual grant having a value of up to \$100,000 per year using the Black Scholes valuation methodology and which will vest monthly over a period of three years, subject to continued service. Independent director option grants will be administered under and be subject to the Company's 2015 Equity Incentive Plan or a successor plan. The revenue sharing arrangement is described below. Mr. Sanford does not receive any compensation for his service as a member of the Board.

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director during fiscal year 2020 who served on our Board during the fiscal year 2020:

Name	Fees Earned or				Total
	Paid in Cash ⁽¹⁾	Option Awards ⁽²⁾	Stock Awards ⁽³⁾	All Other Compensation	
Darren Jacklin ⁽⁴⁾	\$ 200,012	\$ 83,415	\$ 14,052	\$ -0-	\$ 297,479
Eugene Frederick	\$ -0- ⁽⁵⁾	\$ -0-	\$ 37,603	\$ 3,828,716	\$3,866,319
Randall Miles ⁽⁶⁾	\$ 231,255	\$ 83,415	\$ -0-	\$ -0-	\$ 314,670
Dan Cahir ⁽⁷⁾	\$ 216,680	\$ -0-	\$ -0-	\$ -0-	\$ 216,680
Felicia Gentry ⁽⁸⁾	\$ 14,583 ⁽⁹⁾	\$ 15,442	\$ 1,014	\$ 47,767	\$ 78,806
Susan Truax ⁽¹⁰⁾	\$ 19,083 ⁽¹¹⁾	\$ -0-	\$ 5,031	\$ 183,372	\$ 207,486

(1) The dollar amounts shown represent all director fees paid in 2020 (including fees which may have been earned in December 2019, but paid in 2020).

(2) The dollar amounts shown represent the aggregate grant date fair value of stock options granted in 2020, determined at the date of grant in accordance with FASB ASC Topic 718. Stock amounts have been adjusted for the impact of the two-for-one stock split in the form of a stock dividend paid on February 12, 2021 (the "Stock Split").

- (3) The dollar amounts shown represent the grant date fair value of stock awards granted in 2020, with the fair valued determined at the date of grant in accordance with FASB ASC Topic 718, based on the closing price of our common stock on the applicable grant date. Stock amounts have been adjusted for the impact of the Stock Split.
- (4) As of December 31, 2020, Mr. Jacklin had 11,482 unexercised option awards. Stock amounts have been adjusted for the impact of the Stock Split.
- (5) The fees in the All Other Compensation column include cash payments for revenue share to Mr. Frederick. Mr. Frederick did not receive cash compensation for his directorship activities during 2020.
- (6) As of December 31, 2020, Mr. Miles had 502,804 unexercised option awards, which includes an option to purchase 460,000 shares of common stock from Ms. Sanford. Stock amounts have been adjusted for the impact of the Stock Split.
- (7) As of December 31, 2020, Mr. Cahir had 200,000 unexercised option awards. Stock amounts have been adjusted for the impact of the Stock Split.
- (8) As of December 31, 2020, Ms. Gentry had 4,936 unexercised option awards. Ms. Gentry became a member of the Company's Board of Directors on May 28, 2020. Stock amounts have been adjusted for the impact of the Stock Split.
- (9) The fees in the All Other Compensation column include cash payments for revenue share to Ms. Gentry.
- (10) As of December 31, 2020, Ms. Truax had 20,080 unexercised option awards. Ms. Truax was a member of the Company's Board of Directors until May 28, 2020. Stock amounts have been adjusted for the impact of the Stock Split.
- (11) The fees in the All Other Compensation column include cash payments for revenue share to Ms. Truax.

Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors. Our directors may receive stock options and stock grants at the discretion of our Board as discussed above. Except as described above or below, we do not have any bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors for directorship activities.

Our cloud office has enabled us to introduce and maintain a gross revenue sharing plan whereby each of our agents and brokers can participate in and from which they can receive monthly and annual residual overrides on the gross commission income resulting from transactions consummated by agents and brokers who they have attracted to our company. Mr. Frederick, Ms. Truax and Ms. Gentry are participants in the Company's revenue share plan and would continue to receive those benefits similar to all other agents and brokers of eXp Realty so long as they maintain active real estate licenses and are not affiliated as an agent or broker with a competitive brokerage, consistent with the revenue share plan. Mr. Sanford is also a participant in the Company's revenue share plan (see "*Compensation Discussion and Analysis - Quarterly and Other Cash Bonuses*" below). On July 31, 2020, the Board adopted a formal policy whereby Mr. Sanford's revenue share would continue even after ceasing to be a director and/or executive officer of the Company.

Resignation, Retirement, Other Termination, or Change in Control Arrangements

Except for Mr. Sanford's eligibility to receive revenue sharing after his resignation or termination, the Company does not have any agreements or plans in place for the directors that would provide additional compensation in connection with a resignation, termination or a change in control.

Related Party Transactions

See “*Certain Relationships and Related Transactions*” below.

PROPOSAL 2—RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS INDEPENDENT AUDITOR FOR 2021

Appointment of Independent Auditor by Audit Committee

Under the rules and regulations of the SEC and Nasdaq, the Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of our independent auditors. In addition, the Audit Committee considers the independence of our independent auditor and participates in the selection of the independent auditor's lead engagement partner.

This year, the Audit Committee has approved, and, as a matter of good corporate governance, is requesting ratification by the stockholders of the appointment of, the registered public accounting firm of Deloitte & Touche LLP, or Deloitte, to serve as independent auditors for the fiscal year ending December 31, 2021. The Audit Committee considered a number of factors in determining whether to engage Deloitte as the Company's independent registered public accounting firm, including:

- Deloitte's global capabilities;
- Deloitte's technical expertise and knowledge of our global operations and industry;
- the quality and candor of Deloitte's communications with the audit committee and management;
- the quality and efficiency of the services provided by Deloitte, including input from management on Deloitte's performance;
- Deloitte's objectivity and professional skepticism;
- external data on audit quality and performance;
- Deloitte's use of technology to aid in audit efficiency;
- Deloitte's independence, how effectively Deloitte demonstrated its independent judgment, and the controls and processes in place that help ensure Deloitte's independence; and
- the appropriateness of Deloitte's fees.

Proposed Ratification of Independent Auditor

The Board of Directors and the Audit Committee believe that the retention of Deloitte as the Company's independent auditor is in the best interests of the Company and its stockholders. If stockholders do not ratify the selection of Deloitte, the Audit Committee will evaluate the stockholder vote when considering the selection of a registered public accounting firm for the audit engagement for the 2021 fiscal year. In addition, if stockholders ratify the selection of Deloitte as independent auditor, the Audit Committee may nevertheless periodically request proposals from the major registered public accounting firms and as a result of such process may select Deloitte or another registered public accounting firm as our independent auditor.

A representative of Deloitte is expected to be present at the Annual Meeting. In addition to having the opportunity to make a statement, the Deloitte representative will be available to respond to any appropriate questions

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **"FOR"** RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021.

Accounting Matters

Auditor

Effective March 31, 2019, we appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020. Representatives of Deloitte are expected to attend the Annual Meeting and will have an opportunity to make a statement and to respond to appropriate questions from stockholders.

Remediation of Material Weaknesses

As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2020, the material weaknesses in the Company's internal control over financial reporting as of December 31, 2019 were remediated, and our internal control over financial reporting was effective as of December 31, 2020.

Principal Independent Auditor Fees

Audit Fees

Audit fees include the aggregate fees for the audit of our annual consolidated financial statements and internal controls, and the reviews of each of the quarterly consolidated financial statements included in our Forms 10-Q. The aggregate audit fees we were billed by auditors were \$2,187,249, and \$1,044,000 for the fiscal years ended December 31, 2020 and 2019, respectively.

Audit-Related Fees

Audit-related fees include accounting advisory services related to the accounting treatment of transactions or events, including acquisitions, and to the adoption of new accounting standards, as well as additional procedures related to accounting records performed to comply with regulatory reporting requirements and to provide certain attest reports. We did not receive audit related services and paid no audit related fees to Deloitte for the fiscal years ended December 31, 2020 and 2019.

Tax Fees

Tax fees are for tax compliance services and assistance with federal and provincial tax-related matters for certain international entities. There were no tax service fees provided by Deloitte for the fiscal years ended December 31, 2020 and 2019, and we do not expect to receive tax services from Deloitte for the fiscal year ended December 31, 2021.

All Other Fees

All other fees consist of fees for products and services other than the services reported above. We paid \$110,484 in fees for internal control advisory services from Deloitte for the fiscal years ended December 31, 2020, and none for 2019.

Pre-Approval Policies and Procedures

All services provided by our independent registered accountants are pre-approved by the Audit Committee. The Audit Committee is presented, for approval, a description of the audit-related, tax and other services expected to be performed by the independent registered accountants during the fiscal year. The Audit Committee determined that all services provided by our independent registered accountants during the fiscal year ended December 31, 2020 were compatible with maintaining their independence.

Report of Audit Committee

The Audit Committee is composed solely of independent directors meeting the applicable requirements of the Nasdaq rules. The Audit Committee reviews the Company's financial reporting process on behalf of the Board. Management has the primary responsibility for establishing and maintaining adequate internal control over financial reporting, for preparing the financial statements, and for the reporting process. The Audit Committee members do not serve as professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Company's independent auditor is engaged to audit and report on the conformity of the Company's financial statements to accounting principles generally accepted in the United States and the effectiveness of the Company's internal control over financial reporting.

In this context, the Audit Committee reviewed and discussed with management and the independent auditor the audited financial statements for the year ended December 31, 2020 (the "Audited Financial Statements"), management's assessment of the effectiveness of the Company's internal control over financial reporting, and the independent auditor's evaluation of the Company's system of internal control over financial reporting. The Audit Committee has discussed with Deloitte, the Company's independent auditor, the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Auditing Standard 1301, *Communications with Audit Committees*. In addition, the Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditors' independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, for filing with the Securities and Exchange Commission.

Respectfully submitted by the Audit Committee of the Board of Directors.

Randall Miles
Darren Jacklin
Dan Cahir

The foregoing report of the audit committee is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of eXp World Holdings under the Securities Act, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Change in Accountants in 2019

BDO USA, LLP ("BDO") served as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. As previously disclosed by the Company on March 27, 2019, the Company dismissed BDO as the Company's independent registered public accounting firm, effective immediately. The Company's decision to replace BDO with Deloitte was approved by the Audit Committee and the Board of Directors of the Company.

BDO was engaged as the Company's independent registered public accounting firm on February 3, 2017. BDO's report on the consolidated financial statements for the fiscal year ended December 31, 2018 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles. BDO's report on the Company's internal control over financial reporting, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") did express an adverse opinion on the Company's control environment and monitoring and control activities for the fiscal year ended December 31, 2018.

During the period of BDO's engagement, including through March 27, 2019, (i) there were no disagreements with BDO on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO, would have caused it to make reference to the

subject matter of the disagreements in connection with its reports for such years, and (ii) there were no reportable events as described in Item 304(a)(1)(v) of Regulation S-K, except as follows:

- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2018, the Company did not properly design or maintain effective controls over the control environment and monitoring components which contributed to material weaknesses at the control activity level. The failures within these COSO components contributed to the following material weaknesses at the control activity level for the 2018 fiscal year.
- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2018, the Company did not have effective business processes and controls as well as resources with adequate training and support to conduct an effective review of manual reconciliations.
- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2018, to address the material weaknesses described above, our management is currently in the process of undertaking a re-design of the control workflows within our software and systems for processing high-volume transactions.
- As previously disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, the Company's internal controls failed to identify the mathematical error contained in the foreign currency translation calculation in the statement of cash flows of our foreign subsidiary that are incorporated in the consolidated financial statements.
- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2017, the Company's internal controls failed to properly recognize and measure the fair value of equity and equity-linked awards issued to employees and non-employees.
- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2017, the Company's internal controls failed to identify the need to consider certain areas of US GAAP applicable to the classification of certain agent fees. Our agent fees are no longer classified as revenue, rather they are offset against commission and other agent related costs.
- As previously disclosed in our Annual Report on Form 10-K for fiscal year end 2018, these material weaknesses have been remediated through implementation of new controls.

During the fiscal years ended December 31, 2017 and 2018 and during any subsequent interim period preceding the date of engagement, neither the Company, nor anyone acting on its behalf, consulted with Deloitte regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that would have been rendered on the Company's financial statements, and no written report was provided to the Company nor was oral advice rendered that was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in paragraph 304(a)(1)(v) of Regulation S-K.).

The Company provided a copy of the foregoing disclosures to BDO prior to filing the Company's Current Report on Form 8-K on April 2, 2019 and requested a letter from BDO addressed to the SEC stating whether it agreed with the foregoing statements. A copy of the letter furnished in response to that request was filed as Exhibit 16.1 to the Form 8-K.

PROPOSAL 3—ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

We are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in the “Executive Compensation” section of this Proxy Statement. Our executive compensation programs are designed to support our long-term success. The Compensation Committee has structured our executive compensation program to tie total compensation to long-term stockholder value, as reflected primarily in our stock price. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this Proxy Statement.

Accordingly, stockholders are being asked to vote on the following resolution:

Resolved: That the stockholders approve the compensation paid to the “named executive officers” of eXp World Holdings, Inc. with respect to the fiscal year ended December 31, 2020, as disclosed, pursuant to Item 402 of Regulation S-K promulgated by the Securities and Exchange Commission, in the Proxy Statement for the 2021 Annual Meeting of Stockholders, including the compensation tables and narrative discussion set forth under “Compensation Discussion and Analysis” therein.

This item is being presented pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Although this advisory vote is not binding, the Compensation Committee will consider the voting results when evaluating our executive compensation program.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” APPROVAL, ON AN ADVISORY BASIS, OF OUR NAMED EXECUTIVE OFFICER COMPENSATION AS DESCRIBED IN THIS PROXY STATEMENT.

PROPOSAL 4—APPROVAL OF AMENDMENT TO OUR CHARTER

Our Charter currently authorizes us to issue a total of 220,000,000 shares of common stock, \$0.00001 par value. Our Board has approved, and is seeking stockholder approval of, an amendment to our Charter to implement an increase in the number of shares of authorized common stock from 220,000,000 shares to 900,000,000 (the “Authorized Shares Amendment”).

The Board has unanimously determined that the Authorized Shares Amendment is advisable and in the best interests of the Company and our stockholders, and recommends that our stockholders approve the Authorized Shares Amendment. In accordance with the General Corporation Law of the State of Delaware, we are hereby seeking approval of the Authorized Shares Amendment by our stockholders.

Reasons for the Increase in Authorized Shares

Although the Company has no current plans to use the additional shares that are proposed to be authorized by the Authorized Shares Amendment, the Board believes that the amendment will benefit the Company and its stockholders by enhancing our ability to consider and respond to opportunities that require the issuance of shares of common stock. The additional authorized shares will be available for issuance from time to time to enable us to respond to future business opportunities requiring the issuance of shares, including the grants of common stock to the Company’s current and future real estate agents, or for other general purposes that the Board may deem advisable from time to time. If the Authorized Shares Amendment is not approved, the Company may be constrained in its ability to continue to provide competitive equity awards to its real estate agents and may lose important business opportunities, which could adversely affect our financial performance and growth.

In determining the amount of the proposed authorized share increase, the Board considered a number of factors, including those set forth above, the Company’s historical issuances of shares, including its recent 2-for-1 stock split in the form of a stock dividend, the Company’s continued growth and the Company’s potential future needs, including that the Company may potentially need additional shares in connection with strategic transactions and future issuances under equity incentive plans. If the stockholders do not approve the Authorized Shares Amendment, then the Company may not have sufficient available shares when business opportunities arise or may be required to seek stockholder approval in connection with such transactions, which may delay or otherwise have a material adverse effect on such transaction or the Company.

Potential Effects of the Proposed Amendment

If the proposed Authorized Shares Amendment is approved by our stockholders, the additional authorized shares of common stock would have rights identical to our currently outstanding common stock. Future issuances of shares of common stock or securities convertible into shares of common stock could have a dilutive effect on our earnings per share, book value per share and the voting interest and power of current stockholders since holders of common stock are not entitled to preemptive rights.

SEC rules require disclosure of the possible anti-takeover effects of an increase in authorized capital stock and other charter and bylaw provisions that could have an anti-takeover effect. Although we have not proposed the increase in the number of authorized shares of common stock with the intent of using the additional shares to prevent or discourage any actual or threatened takeover of the Company, under certain circumstances, such shares could have an anti-takeover effect. The additional shares could be issued to dilute the stock ownership or voting rights of persons seeking to obtain control of the Company or could be issued to persons allied with the Board or management and thereby have the effect of making it more difficult to remove directors or members of management by diluting the stock ownership or voting rights of persons seeking to effect such a removal. Accordingly, if the proposed amendment is approved, the additional shares of authorized common stock may render more difficult or discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of common stock, or the replacement or removal of members of the Board or management.

Implementation of the Authorized Share Increase

If the Authorized Shares Amendment is approved by our stockholders, it will become effective upon the acceptance by the Secretary of State of the State of Delaware of the filing of the Authorized Shares Amendment. Such filing is expected to occur promptly after stockholder approval of this proposal. If this proposal is not approved, our Charter would remain unchanged and the number of authorized shares of common stock would remain 220,000,000.

This description of the proposed Authorized Shares Amendment is a summary and is qualified by and subject to the full text of the Authorized Shares Amendment, which is attached to this Proxy Statement as Annex A. Additions of text to our Charter contained in Annex A are indicated by underlining, and deletions of text are indicated by strike-outs.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” APPROVAL OF THE AMENDMENT TO OUR CHARTER AS DESCRIBED IN THIS PROXY STATEMENT.

Stockholder Proposals for 2022 Annual Meeting

In order for stockholder proposals for the 2022 Annual Meeting of Stockholders to be eligible for inclusion in the proxy statement and form of proxy card for that meeting, we must receive the proposals at our corporate headquarters, 2219 Rimland Drive, Suite 301, Bellingham, Washington 98226, directed to the attention of our Corporate Secretary, no later than December 8, 2021. In addition, all proposals will need to comply with Rule 14a-8 of the Securities Exchange Act, which sets forth the requirements for the inclusion of stockholder proposals in our sponsored proxy materials.

Our bylaws set forth the procedures you must follow in order to nominate a director for election or present any other proposal at an annual meeting of our stockholders, other than proposals intended to be included in our sponsored proxy materials. In addition to any other applicable requirements, for a stockholder to properly bring business before the 2022 Annual Meeting of Stockholders, the stockholder must give us notice thereof in proper written form, including all required information, at our corporate headquarters, 2219 Rimland Drive, Suite 301, Bellingham, Washington 98226, directed to the attention of our Corporate Secretary, no later than the close of business on February 16, 2022, nor earlier than the close of business on January 17, 2022 (provided, however, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is more than thirty days before or more than seventy days after such anniversary date, notice by the stockholder must be delivered not earlier than the close of business on the one hundred twentieth day prior to such annual meeting and not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the Company). You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. A copy of our bylaws is available as Appendix B at https://www.sec.gov/Archives/edgar/data/1495932/000168316818002990/exp_def14c.htm.

Other Matters

We will pay all expenses of preparing, printing and mailing, the Annual Meeting proxy materials, as well as all other expenses of soliciting proxies for the Annual Meeting on behalf of the Board of Directors.

Availability of Form 10-K

We filed our Annual Report on Form 10-K for the year ended December 31, 2020 with the SEC on March 11, 2021. It is available free of charge at the SEC's web site at www.sec.gov. Upon written request by a stockholder, we will mail without charge a copy of our Annual Report on Form 10-K. All requests should be directed to our Corporate Secretary at 2219 Rimland Drive, Suite 301 Bellingham, Washington 98226. The Company's consolidated financial statements and certain other information found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Executive Officers

Summary of Executive Officers

The names of our executive officers, their ages, their positions with our Company, and other biographical information are set forth below. Executive officers are appointed by our Board of Directors to hold office until their successors are elected and qualified or operate in such capacity as a function of their job role and serve in such capacity until termination, resignation or change of job duties. There are no family relationships among our executive officers.

Name	Position	Age	Date First Elected, Appointed or Hired
Glenn Sanford	Chairman, Chief Executive Officer, and Director	54	March 12, 2013
Jeff Whiteside	Chief Financial Officer and Chief Collaboration Officer	58	November 1, 2018
Jason Gesing	Chief Executive Officer eXp Realty, and Director	47	September 27, 2014
Stacey Onnen	President, U.S. Brokerage Operations, eXp Realty	50	March 1, 2018
David Conord	President, U.S. Growth, eXp Realty	46	December 5, 2018
James Bramble	Chief Legal Counsel	51	March 18, 2019
John Tobison	Chief Information Officer	65	August 12, 2019
Michael Valdes	President, eXp Global	54	May 4, 2020
Courtney Chakarun	Chief Marketing Officer	44	June 15, 2020

Business Experience of our Executive Officers

The following is a brief description of the business experience and education of each executive officer during at least the past five years, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out. The description of the business experience and education of our executive officers that are also director nominees is set out above under Proposal 1.

Glenn Sanford's biography can be found under “*Proposal 1 – Election of Directors, Director Nominees’ Biographical and Related Information.*”

Jeff Whiteside joined the Company as its Chief Financial Officer and Chief Collaboration Officer on November 1, 2018. Mr. Whiteside works closely with Mr. Sanford, our CEO, across the Company and the teams in eXp Realty, finance, technology, marketing, legal, human resources, new business development, M&A, international markets, investor relations, and Virbela. Mr. Whiteside has more than 30 years of experience in global finance and operational leadership including executive positions at General Electric, Pitney Bowes, and RM Sotheby's Auctions. Additionally, Mr. Whiteside held the positions of Chief Financial Officer and Chief Operating Officer at three software and technology companies. Mr. Whiteside has extensive international experience from living and working in Asia, Australia, Europe, and Canada.

Recently, Mr. Whiteside founded and served as the Auction Director at Saratoga Auto Museum from November 2016 through October 2018, Chief Operating Officer of Saratoga Juice Bar, LLC from January 2015 through November 2016, Chief Operating Officer and Chief Financial Officer at RM Sotheby's Auctions in 2014 and 2015, and Vice President and Group Financial Officer at Pitney Bowes from 2008 through 2013.

Mr. Whiteside is a graduate of Rensselaer Polytechnic Institute, obtaining both his B.S. (with an emphasis in Managerial Economics) and M.B.A. in 1986.

Jason Gesing's biography can be found under “*Proposal 1 – Election of Directors, Director Nominees’ Biographical and Related Information.*”

Stacey Onnen joined the Company on March 1, 2018. As President of U.S. Brokerage Operations, eXp Realty, Ms. Onnen is responsible for U.S. brokerage operations, including compliance, risk management and state license laws. Ms. Onnen has more than 23 years of real estate industry experience, and also is a professional speaker, trainer and certified continuing education instructor. Beginning in 2015 and until March 2018, Ms. Onnen was a designated broker and regional manager at Realty ONE Group, a national real estate brokerage, overseeing more than 2,500 agents. Ms. Onnen also has experience as an associate broker at Keller Williams Check Realty and as the owner and operator of Arizona Heartland Realty.

David Conord joined the Company on December 5, 2018. As Co-President of eXp Realty, Mr. Conord leads the U.S. growth and onboarding teams. Mr. Conord has more than 21 years of experience in the real estate industry. Beginning in 2014 and through September 2018, Mr. Conord served as VP, Professional & Leadership Development for Long & Foster Companies, where Mr. Conord built a professional and leadership training department to serve over 10,000 agents and 300 sales managers. Beginning in 2002, Mr. Conord was an owner/partner of multiple Keller Williams Realty market centers throughout the Mid-Atlantic and led the company’s 2nd largest region to No. 1 in the company for growth within three years. He also was one of the top recruiters at the company for nine years.

Mr. Conord is a graduate of University of Maryland where he obtained his B.A. (majoring in International Business).

James Bramble joined the Company as its Chief Legal Counsel and General Counsel on March 18, 2019. Mr. Bramble was appointed as the Company’s Corporate Secretary on October 1, 2019. As Chief Legal Counsel, Mr. Bramble oversees the company’s legal affairs, including corporate governance, litigation and compliance. Mr. Bramble has over 20 years of international business experience and has transformed the Company’s legal and compliance functions to empower an agent-centric, globally-scaled organization. Mr. Bramble is an active member of the Association of Corporate Counsel (ACC) and is a licensed real estate agent. Mr. Bramble champions eXtend a Hand, the Company’s charitable foundation and leverages his expertise in service of his community and on non-profit and private company boards.

Recently, Mr. Bramble served as Chief Legal Officer, General Counsel and Corporate Secretary at USANA from February 1998 until 2018. Currently, Mr. Bramble serves as a member of the board of directors and as corporate secretary of Vasayo, LLC.

Mr. Bramble is a graduate of University of Utah where he obtained his B.S. (majoring in Political Science) and J.D.

John Tobison joined the Company as its Chief Information Officer on August 12, 2019. As Chief Information Officer, Mr. Tobison leads software engineering, product management, information technology, product launch, project management, data services and innovation for the Company and its subsidiaries. Mr. Tobison brings more than 30 years of experience in business and information technology management, helping companies scale products, business processes and staff capabilities for rapid growth. Recently, Mr. Tobison founded and served as the member and principal at Tobison Consulting, LLC from June 2016 through August 2019. Previously, Mr. Tobison was a key member of the executive leadership teams that grew three successful technology companies from early stage to market leaders. As Chief Operating Officer of OutMatch HCM from April 2014 through June 2016, Mr. Tobison led the development of two new software products, helped significantly grow the company through a private equity-funded acquisition of a larger company and developed a new technology road map for the merged company. Before that, Mr. Tobison was the Chief Information Officer of CommerceHub, where he re-engineered customer implementation and scaled up IT operations in a high-availability 24x7x365-transaction-processing environment, and of MapInfo Corporation, where he ran international IT operations and was part of the management team that took the company public.

Mr. Tobison is a graduate of University of Albany, SUNY, where he obtained both his B.S. (with a double major in Biology and Philosophy) and M.B.A.

Michael Valdes joined the Company on May 5, 2020 and served as our Executive Vice President of International Expansion until September 2020 when Mr. Valdes became our President of eXp Global. Mr. Valdes brings more than 25 years of expertise in global real estate and finance to eXp Realty. From November 2018 to May 2020, Mr. Valdes was Senior Vice President of Global Servicing for all Realogy Corporation brands, including Better Homes & Gardens, Century 21, Coldwell Banker, Corcoran, ERA and Sotheby's International Realty. In his role, Mr. Valdes oversaw the international servicing platform for all Realogy brands across more than 100 countries and opened more than 70 countries during his tenure. Prior to that, Mr. Valdes was Global Vice President of Sotheby's International Realty from December 2014 until May 2020.

Courtney Chakarun joined the Company as our Chief Marketing Officer on June 15, 2020. Ms. Chakarun is responsible for rebranding and amplifying the Company's brands and overseeing all areas of marketing, including driving digital strategy for growth and enhancing the Company's value proposition for agents and brokers. Ms. Chakarun has over two decades of marketing and innovation experience and has held various leadership roles at Roostify, CoreLogic and General Electric.

From November 2018 until May 2020, Ms. Chakarun served as the CMO at Roostify, a digital lending platform that historically processed nearly \$35 billion a month in home loans. From December 2016 until November 2018, Ms. Chakarun led marketing and innovation at CoreLogic, a property data company, in her role as Executive, Marketing and Innovation Solutions. Previously, Ms. Chakarun spent 15 years at General Electric, namely as VP, New Products for GE Capital Retail Finance in the U.S. and internationally.

Ms. Chakarun is a graduate of University of Arkansas where she obtained both her BSBA in Marketing Management and MBA.

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis describes the material elements of our executive compensation program for the named executive officers (“NEOs”) named below during 2020. It also provides an overview of our executive compensation philosophy, including our compensation strategy and practices for our NEOs. We believe that the compensation of our NEOs accurately reflects their contributions to our growth and success and aligns with our annual financial results and the interests of our stockholders.

During 2020, our NEOs were:

- Glenn Sanford, our Chief Executive Officer;
- Jeff Whiteside, our Chief Financial Officer and Chief Collaboration Officer;
- Stacey Onnen, our President of U.S. Brokerage Operations, eXp Realty;
- Michael Valdes, our President, eXp Global; and
- Courtney Chakarun, our Chief Marketing Officer.

Our executive compensation program is designed to attract, retain and incentivize leadership in a manner that is market-based, transparent and consistent with the principles guiding compensation decisions across our Company. Our NEO compensation program includes a mix of compensation, including base salary, quarterly and other cash bonuses, long-term equity incentives, and benefits, to incentivize our NEOs. The compensation program is primarily designed to promote retention to drive and grow our business over the long-term and support business continuity and to reward our NEOs for delivering financial, operational and strategic results.

2020 Business and Executive Compensation Highlights

We believe our executive compensation program was instrumental in attracting and retaining our NEOs and was key in achieving strong financial performance in 2020. For the fiscal year ended December 31, 2020, our:

- Total revenues were \$1,798.3 million, an increase of \$818.3 million or 84% year-over-year;
- Agent count increased 63% compared to 2019; and
- Adjusted EBITDA, a non-GAAP measure, increased 357% year-over-year. For a reconciliation of Adjusted EBITDA to net income, see “Non-U.S. GAAP Financial Measures” beginning on page 31 in Item 7 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Our 2020 executive compensation program reflected both the growth in our business and our ongoing transition from a small-cap publicly traded company to a mid-cap publicly traded company as we continued to emphasize long-term equity compensation as the most significant component of each NEO’s compensation. The following key compensation actions were taken with respect to our executive officers for 2020:

- Our Board adopted a new equity-incentive strategy which created a tier of option award ranges to support better parity and consistency among our executive officers, including our NEOs;
- Our Board adopted a formal policy with respect to Mr. Sanford’s compensation which governs his base salary, cash bonus plan, and equity incentive plan, which will be reviewed annually by our Compensation Committee and Board. The Board adopted this policy to incentivize Mr. Sanford’s continued service as CEO and to align his compensation with the Company’s growth and profitability goals;
- We increased the base salaries in 2020 for Messrs. Sanford, Whiteside and Ms. Onnen, which increases were made for parity with peer companies and to continue to retain the services of those NEOs. Ms. Chakarun joined the Company in June 2020 and her salary was not increased in 2020;
- We designed our 2020 executive annual cash bonus plan to focus on agent growth, revenue growth, and individualized objectives and key results, or OKRs, setting aggressive targets for each NEO that were achievable only through focused strategic efforts by our executive team. Achievement against these targets

for the 2020 Bonus Plan performance measures resulted in an aggregate calculated payment percentage of 100% of target levels, where applicable;

- We granted annual long-term incentive compensation opportunities in the form of grants of stock options to align the economic interests of our NEOs with our stockholder interests. These awards generally vest over three years, subject to continued service; and
- The Compensation Committee and the Board considered the affirmative advisory say-on-pay vote at the 2019 Stockholders' Meeting in its decision to maintain compensation benefits in 2020 that are similar to NEO compensation benefits in 2019.

Impact of the COVID-19 Pandemic on Executive Compensation

In April 2020, the Company initiated measures to address future challenges from COVID-19. These measures included cost reduction efforts, including, among other things, a temporary reduction in the base salaries for certain executive officers.

Also in April 2020, Mr. Sanford and Mr. Whiteside informed the Board of their intentions to voluntarily reduce their annual base salaries by 50% due to the potential impacts of the COVID-19 pandemic on the Company's business. The temporary salary reductions were effective immediately. The Board approved all temporary changes in compensation.

On May 28, 2020, the Board reinstated the base salaries for the affected executive officers and issued backpay for the salary reductions taken by executive officers since April 7, 2020, due to the Company's performance.

The magnitude and duration of the impact from COVID-19 are not fully known and cannot be reasonably estimated. However, the Company is positioned to continue to grow in light of a series of fluctuations in economic activity and performed better than expected throughout 2020. The Company's agent base and transactions were not significantly impacted throughout the global COVID-19 pandemic for the fiscal year ending December 31, 2020. However, because the full economic impact will continue to depend on the duration and severity of the COVID-19 pandemic, the Board determined that it was in the best interest of the Company and our stockholders to adopt a formal CEO compensation strategy which puts a portion of Mr. Sanford's equity and cash compensation "at-risk," meaning it is predicated on achieving certain Company growth metrics year-over-year. See "*Compensation Discussion and Analysis – Quarterly and Other Cash Bonuses*" for more details.

Executive Compensation Practices

What We Do

✓ **Multi-Year Vesting Awards:** To align our NEO's interests with those of our stockholders and to incentive long-term retention, a substantial portion of NEO compensation is earned over multi-year periods in the form of equity awards.

✓ **Annual Compensation Review.** The compensation committee conducts an annual review and approval of our compensation strategy.

✓ **“At Risk” Quarterly, Other and Revenue Sharing Bonuses.** NEOs are eligible for discretionary quarterly and other cash bonuses, subject to achievement of certain business and individual metrics.

What We Don't Do

× **No Termination, Resignation, Retirement of Change in Control Payments:** With one exception, we do not provide any payments to NEOs upon termination, resignation, retirement or change in control.

× **No Retirement or Pension Plans.** We do not offer retirement plans, pension arrangements, or nonqualified deferred compensation plans to our NEOs.

× **No Unique Health or Welfare Benefits.** Our NEOs participate in the same Company-sponsored health and welfare benefits programs as our other full-time, salaried employees.

× **No Pledging.** We prohibit our employees, including our NEOs, from pledging our securities.

× **No Tax Reimbursements on Severance or Change in Control Payments.** We do not provide any tax reimbursement payments (including “gross-ups”) on any severance or change-in-control payments or other related benefits.

Advisory Vote on Executive Compensation

We submit to our stockholders on an annual basis a proposal for a (non-binding) advisory vote to approve the compensation of our named executive officers (“say-on-pay”). The Compensation Committee considers, among other things, the outcome of this vote when evaluating our compensation principles, designs and practices. At our 2020 Annual Meeting, our stockholders expressed strong support for our executive compensation program, with more than 99.2 percent of shares voted cast in favor of approval of our compensation program for executive officers. The Compensation Committee believes these results reflect our shareholders’ affirmation of our executive compensation program. Nevertheless, the Compensation Committee regularly reviews and adjusts the program as needed to ensure it remains competitive and aligned with the best interests of the company and its stakeholders.

Elements of Individual Executive Compensation

We structure the annual compensation of our NEOs using three key elements: base salary, discretionary quarterly and other cash bonus opportunities, and long-term equity incentive opportunities. While our NEO compensation program is influenced by a variety of factors, the primary goals are to align the interests of our NEOs with the interests of our stockholders, to attract and retain highly-talented individuals and to associate pay with business and individual performance.

Compensation-Setting Process

Executive compensation is first reviewed and proposed by the Compensation Committee, which proposal is then reviewed by the Board which makes the final determination for NEO compensation. When setting NEO compensation, the Compensation Committee and the Board consider the following:

- Executive compensation for similar roles at peer companies;
- Our Company's financial performance against objectives established by our Board;
- Compensation parity among executive officers;
- Our Company's performance relative to its peers; and
- Each individual executive's skillset, experience, and responsibilities.

The Company does not engage any compensation consultants and no such consultants are involved in our compensation setting process. Mr. Sanford, our CEO, is a member of the Compensation Committee and therefore participates actively in the determination of NEO compensation. When considering peer company NEO compensation, the Company considers a broad-based third-party survey to obtain a general understanding of current compensation practices and does not consider a specific list of peers.

Except as specifically described herein, the Compensation Committee does not affirmatively set out in any given year, or with respect to any given NEO, to apportion compensation in any specific ratio among the various categories of compensation (i.e., between short-term and long-term compensation, or between non-performance based and performance-based compensation). Rather, the Compensation Committee uses the principles described above, and the factors described for each category in the discussion that follows, as a guide in assessing the proper allocation among those categories. In addition, except as specifically described herein, the Compensation Committee does not affirmatively set out in any given year, or with respect to any given NEO, to apportion equity compensation in any specific ratio. Rather, the Compensation Committee uses the principles described above, and the factors described with respect to each form of award in the discussion that follows, as a guide in assessing the proper allocation between options and other equity awards. The Compensation Committee also does not formally "benchmark" compensation against peers. Rather, the Compensation Committee retains discretion to make adjustments based on the factors described above and considers competitive market practices as one factor in its deliberations.

Base Salary

Base salary represents the customary, fixed portion of NEO compensation intended to attract and retain talented individuals. Generally, we establish the initial base salaries of our NEOs through arm's-length negotiation during hiring, which considers the officer's relevant position, qualifications, experience, and the base salaries of our other executive officers. The Compensation Committee and the Board, with respect to Messrs. Sanford's and Whiteside's salary, and Mr. Whiteside, the CFO, with respect to Ms. Chakarun and Ms. Onnen, review the base salaries of our NEOs annually and makes adjustments as they determine necessary or appropriate, taking into account the factors above and the Company's performance.

In July 2020, the Compensation Committee and the Board approved compensation changes for Mr. Sanford. Mr. Sanford's base salary was increased to \$1,500,000 annually. The changes became effective August 1, 2020. The Board determined this increase was appropriate in order to incentivize Mr. Sanford's ongoing services and retention and in light of Mr. Sanford's contributions to business, operational and strategic goals.

In October 2020, the Compensation Committee and the Board approved compensation changes for Mr. Whiteside. Mr. Whiteside's base salary was increased to \$500,000 annually. The change became effective November 1, 2020. The Board determined this increase was appropriate in order to incentivize Mr. Whiteside's ongoing services and retention and in light of Mr. Whiteside's contributions to business, operational and strategic goals.

In October 2020, the CFO approved compensation changes for Ms. Onnen. Ms. Onnen's base salary was increased from \$240,000 to \$325,000 annually. The change became effective October 17, 2020. The CFO determined the

increase was appropriate in order to incentive Ms. Onnen's ongoing services and retention and in light of Ms. Onnen's contributions to business, operational and strategic goals.

Otherwise, the CFO determined the base salary of Mr. Valdes upon his hire in March 2020 was appropriate and no adjustments were made to his base salary in 2020. Also, the CFO determined that the base salary of Ms. Chakarun upon her hire in June 2020 was appropriate and no adjustments were made to her base salary in 2020.

The year-end base salaries of our NEOs for 2020 and 2019 were:

Named Executive Officer	2020 Base Salary	2019 Base Salary	Percentage Change
Glenn Sanford ⁽¹⁾	\$1,500,000	\$117,000	1182%
Jeff Whiteside ⁽²⁾	\$500,000	\$330,000	52%
Stacey Onnen ⁽³⁾	\$325,000	\$240,000	35%
Michael Valdes	\$240,000	— ⁽⁴⁾	—
Courtney Chakarun	\$320,000	— ⁽⁵⁾	—

(1) Mr. Sanford's base salary increase became effective August 1, 2020.

(2) Mr. Whiteside's base salary increase became effective November 1, 2020.

(3) Ms. Onnen's base salary increase became effective October 17, 2020.

(4) Mr. Valdes was not employed by the Company in 2019.

(5) Ms. Chakarun was not employed by the Company in 2019.

Quarterly and Other Cash Bonuses

Our NEOs, except for Messrs. Sanford and Whiteside, are eligible to participate in the Company's quarterly bonus program. Mr. Sanford is eligible to receive a quarterly revenue share bonus. Mr. Whiteside is eligible to receive an annual bonus.

Annual Bonus Program. Our discretionary annual bonus program, paid quarterly, is an at-risk component of our NEO compensation that is designed to motivate our NEOs' attainment of certain business goals as determined in the sole discretion of the Compensation Committee, CEO and/or CFO (as applicable) at the end of the applicable quarter. Except for Messrs. Sanford and Whiteside, the aggregate annual bonus amount that each participating NEO could earn is negotiated in each NEO's offer letter as a percentage of his or her base salary and may be adjusted upon determination by the Board, CEO or CFO from time-to-time. Annual bonuses are paid quarterly, subject to achievement of Company growth as well as individual OKRs.

In October 2020, the Board approved compensation changes for Mr. Whiteside. Mr. Whiteside became eligible to receive an annual cash bonus, paid quarterly, up to 100% of his base salary based upon his annual performance and peer company compensation, as determined by the chief executive officer of the Company. The change became effective November 1, 2020. Prior to October 2020, Mr. Whiteside was eligible to receive an annual cash bonus, paid quarterly, of up to 58.33% of his base salary, subject to continuous employment and based on certain professional performance metrics and comparison to peer companies, as determined by the CEO and the Board. In 2019, Ms. Onnen became eligible to receive up to 50% of her annual base salary subject to continuous employment and based on achieving certain professional and performance metrics and comparison to peer companies, as determined by the CEO and/or CFO. In April 2019, Mr. Sanford, the CEO, approved an offer letter with Mr. Valdes pursuant to which Mr. Valdes is eligible to receive an annual cash bonus, paid quarterly, of up to 100% of his annual base salary subject to continuous employment and based on achieving new agent counts and revenue achievements, as determined by the CEO and/or CFO. In June 2020, Mr. Sanford, the CEO, approved an offer letter with Ms. Chakarun pursuant to which Ms. Chakarun is eligible to receive an annual cash bonus, paid quarterly, of up to 50% of her annual base salary subject to continuous employment and based on achieving certain professional performance metrics and comparison to peer companies, as determined by the CEO and/or CFO.

Quarterly Revenue Share Bonus. We maintain a revenue sharing plan whereby each of our agents and brokers can participate in and from which they can receive monthly and annual residual overrides on the gross commission income resulting from transactions consummated by agents and brokers who they have attracted to our Company. Agents and brokers are eligible for revenue share based on the number of Front-Line Qualifying Active (“FLQA”) agents they have attracted to the Company. An FLQA agent is an agent or broker that an agent or broker has personally attracted to the Company who has met specific sales transaction volume requirements. Mr. Sanford was previously a participant in the Company’s revenue share plan. In July 2020, the Compensation Committee approved compensation changes for Mr. Sanford. Effective as of August 1, 2020, during each calendar quarter of his ongoing service, Mr. Sanford is eligible to receive a quarterly cash bonus equal to the amount that his revenue share, were Mr. Sanford still participating in the Company’s revenue share plan, exceeds his salary during such calendar quarter, so long as the Company’s revenue is growing at a minimum of 30% annually, as determined in the Board’s discretion. For purposes of calculating Mr. Sanford’s bonus eligibility each quarter, the Board determines what revenue share Mr. Sanford would have received in such calendar quarter. For purposes of that determination, Mr. Sanford’s revenue share is calculated at FLQA 40+, meaning that Mr. Sanford is eligible for the maximum revenue share credit at each level of revenue share. Mr. Sanford is not eligible to receive any additional cash bonuses. Prior to July 2020, Mr. Sanford was eligible to receive quarterly bonuses from time-to-time upon determination by the Board based on Mr. Sanford’s professional performance and peer company bonus compensation.

During 2020, the Compensation Committee determined the business metrics and OKRs for each NEO were achieved at 100% of target. Additionally, Mr. Sanford received a cash bonus for the third and fourth calendar quarters of 2020 in the amount of \$117,677, which was paid during January 2021. The cash bonus paid to Mr. Sanford is equal to the amount by which Mr. Sanford’s revenue share exceed his salary in the third and fourth quarters of 2020. The target bonus payment amounts for 2020 and actual bonus payment amounts for 2020 are set forth below:

Named Executive Officer	Target 2020 Bonus Opportunity (as a percentage of base salary)	Target 2020 Bonus Opportunity ⁽¹⁾	2020 Bonus Payment
Glenn Sanford ⁽²⁾	— ⁽³⁾	— ⁽³⁾	\$117,677 ⁽⁴⁾
Jeff Whiteside	100%	\$500,000	\$347,750 ⁽⁵⁾
Stacey Onnen	50%	\$162,500	\$103,125 ⁽⁶⁾
Michael Valdes	100%	\$240,000	\$148,264 ⁽⁷⁾
Courtney Chakarun	50%	\$160,000	\$84,959 ⁽⁸⁾

⁽¹⁾ Targets shown are based on year-end salaries.

⁽²⁾ Mr. Sanford became eligible for at-risk cash bonuses during the third and fourth calendar quarters equal to the amount by which his revenue share exceeded his salary for such periods.

⁽³⁾ Mr. Sanford’s bonus opportunity is unlimited and is equal to the amount by which Mr. Sanford’s revenue share exceeds his salary in any calendar quarter.

⁽⁴⁾ Mr. Sanford’s cash bonuses earned during the third and fourth quarters of 2020 were paid on January 23, 2021.

⁽⁵⁾ \$125,000 of Mr. Whiteside’s 2020 Bonus Payment was paid on January 15, 2021, but was earned during the fourth quarter of 2020. Bonus payments made to Mr. Whiteside in 2020 which were earned in 2019 have been excluded.

⁽⁶⁾ \$40,625 of Ms. Onnen’s 2020 Bonus Payment was paid on January 15, 2021, but was earned during the fourth quarter of 2020. Bonus payments made to Ms. Onnen in 2020 which were earned in 2019 have been excluded.

⁽⁷⁾ \$40,000 of Mr. Valdes’ 2020 Bonus Payment was paid on January 15, 2021, but was earned during the fourth quarter of 2020.

⁽⁸⁾ \$40,000 of Ms. Chakarun’s 2020 Bonus Payment was paid on January 15, 2021, but was earned during the fourth quarter of 2020.

Long-Term Incentive Compensation (Equity Awards)

The Compensation Committee and our Board believes long-term equity compensation is in the best interests of the Company and our stockholders as an effective means for focusing our NEOs on driving increased stockholder value over a multi-year period, provides a reward for appreciation in our stock price and long-term value creation, and motivates our NEOs to remain employed with us.

General Equity Award Compensation

In 2020, the Board continued its practice of granting time-based stock options to our NEOs for the purpose of delivering long-term incentive compensation. As with their other elements of compensation, NEO long-term incentive compensation was determined by the Compensation Committee and recommended to our Board for approval, and the Board approved, after taking into consideration the potential dilutive effects to our stockholders, the recommendations of our CEO (except with respect to his own long-term equity compensation), the outstanding equity holdings of each NEO, and the long-term incentive compensation offered in our peer group of companies. Before July 2020, the Board issued equity award compensation to NEOs on a case-by-case basis, considering the NEOs .

In July 2020, the Board adopted the Compensation Committee's recommendation to adopt guidelines for executive officer option awards in order to create consistency and parity among our executive officers, including our NEOs. According to the guidelines adopted, executive officers, including NEOs, are eligible for initial stock option awards upon hire of up to \$300,000 per year as determined by using the Black Scholes valuation methodology, with monthly or quarterly vesting over a three-year period. All initial stock option grants are governed by and administered under the 2015 Equity Incentive Plan, as amended (see "*Compensation Discussion and Analysis - 2015 Equity Incentive Plan*" below for additional details). We make initial grants to executive officers, including NEOs, in order to attract highly-talented individuals and to immediately focus them on driving increased stockholder value over a multi-year period. Initial NEO grants are typically made upon the date of hire.

Pursuant to the newly adopted guidelines for executive officer option awards, NEOs are eligible for additional annual stock option grants commencing after their initial stock options have fully vested. Such recurring, additional stock option grants may be in an amount of up to \$100,000 per year as determined by using the Black Scholes valuation methodology, with monthly or quarterly vesting over a three-year period. All annual stock option grants are governed by and administered under the 2015 Equity Incentive Plan, as amended (see "*Compensation Discussion and Analysis - 2015 Equity Incentive Plan*" below for additional details). We make annual grants to lessen the effects of the potential fluctuation in share price and to renew the incentive and retention power of long-term equity incentives as outstanding awards vest. Our annual grants are typically made in the first month of our fiscal year.

All share amounts below have been adjusted for the impact of the Stock Split, for all periods discussed.

Mr. Sanford Award Compensation

Prior to July 2020, Mr. Sanford was granted long-term incentive stock option equity awards from time-to-time when recommended by the Compensation Committee and agreed to by the Board (with Mr. Sanford recused), which typically vest monthly or quarterly over three-year periods. The purpose of such awards was to renew the incentive and retention power of long-term equity incentives as outstanding awards vest and to provide a meaningful reward for appreciation in our stock price and long-term value creation.

In July 2020, the Board formalized Mr. Sanford's "at-risk" equity-incentive compensation to predicate a portion of Mr. Sanford's compensation on year-over-year Company revenue growth. Mr. Sanford received a stock option award on August 1, 2020 (i) covering 1,000,000 shares of common stock in the Company that vest monthly over three years, subject to continued service, and (ii) covering 1,000,000 shares of common stock in the Company that vest quarterly over three years, subject to his continued service, so long as the Company's revenue is growing at least 30% annually during such quarter, or such other period as determined in the Board's discretion. For the partial period beginning July 31, 2020 and ending September 30, 2020, quarterly revenues were \$564,017,000 compared to \$282,179,000 over the same period in 2019. Consequently, 1/12th of the underlying shares of common stock under the portion of Mr. Sanford's option that

vests based on performance vested on September 30, 2020. For the period beginning October 1, 2020 and ending December 31, 2020, quarterly revenues were \$609,322,000 compared to \$274,019,000 over the same period in 2019. Consequently, an additional 1/12th of the underlying shares of common stock under the portion of Mr. Sanford's option that vests based on performance vested on December 31, 2020. All of Mr. Sanford's equity incentive awards are governed by and administered under the 2015 Equity Incentive Plan, as amended (see "*Compensation Discussion and Analysis - 2015 Equity Incentive Plan*" below for additional details). Prior to July 2020, Mr. Sanford received discrete equity-incentive compensation from time-to-time upon determination by the Compensation Committee based on Mr. Sanford's professional performance and peer company compensation. Such equity-incentive compensation was granted to Mr. Sanford in order to promote retention to drive and grow our business over the long-term and to reward Mr. Sanford for delivering financial, operational and strategic results.

Mr. Whiteside Award Compensation

In October 2020, the Board approved compensation changes for Mr. Whiteside. Mr. Whiteside received a stock option grant covering 200,000 shares that will vest quarterly over three years, subject to his continued service, in accordance with the terms of the Company's 2015 Equity Incentive Plan, as amended. The grant became effective November 1, 2020.

Ms. Onnen Award Compensation

Executive Equity Awards: Ms. Onnen is eligible for additional option grants subject to the approval of the Board based on Ms. Onnen's professional performance. The Board agreed to grant Ms. Onnen a stock option grant covering 150,000 shares on March 7, 2020 which vest quarterly over four years, subject to continued service. The Board determined to make this grant to Ms. Onnen in order to incentive Ms. Onnen's retention with the Company and to continue to incentivize her alignment with long-term Company goals.

Agent Growth Incentive Program: All individual agents and brokers in good standing with eXp Realty are eligible to earn RSU awards under the Company's Agent Growth Incentive Program. Eligible participants qualify to receive RSUs (i) upon their first completed transaction with eXp Realty, which RSUs vest after three years, subject to continuous service; (ii) upon the first completed transaction with eXp Realty of an agent or broker directly attracted to eXp Realty by such agent or broker, which RSUs vest after three years, subject to continuous service of both the attracted agent or broker and the attracting agent or broker; (iii) upon achieving Capped Status when the Company Dollar reaches \$16,000 by retaining 20% of the agent's commission with their anniversary year, which RSUs vest after three years; and (iv) upon achieving ICON status, which RSUs vest after three years, two years or vest immediately, subject to continuous service and participation in certain Company events. Ms. Onnen is an active agent of eXp Realty and is eligible to participate in the Agent Growth Incentive Program. However, during 2020, Ms. Onnen did not receive any RSUs under the Agent Growth Incentive Program.

Mr. Valdes Award Compensation

Pursuant to the Company's offer letter with Mr. Valdes, Mr. Valdes received a stock option grant covering 200,000 shares that will vest quarterly over four years, subject to his continued service, in accordance with the terms of the Company's 2015 Equity Incentive Plan, as amended. The grant became effective May 4, 2020.

Ms. Chakarun Award Compensation

Pursuant to the Company's offer letter with Ms. Chakarun, Ms. Chakarun received a stock option grant covering 200,000 shares that will vest quarterly over four years, subject to her continued service, in accordance with the terms of the Company's 2015 Equity Incentive Plan, as amended. The grant became effective June 15, 2020.

NEO Equity Awards

In 2020, the Compensation Committee determined and recommended our Board approve, and the Board approved, granting the following annual equity awards to our NEOs.

Named Executive Officer	RSUs (number of shares)	Stock Option Awards (number of shares) ⁽¹⁾
Glenn Sanford	0	2,000,000 ⁽²⁾
Jeff Whiteside	0	200,000 ⁽³⁾
Stacey Onnen	0	150,000 ⁽⁴⁾
Michael Valdes	0	200,000 ⁽⁵⁾
Courtney Chakarun	0	200,000 ⁽⁶⁾

⁽¹⁾ Share amounts have been adjusted for the impact of the Stock Split.

⁽²⁾ Mr. Sanford was granted 2,000,000 options for shares of common stock on July 31, 2020. See “*Compensation Discussion and Analysis – Mr. Sanford Award Compensation*” for additional details.

⁽³⁾ Mr. Whiteside was granted 200,000 options for shares of common stock on November 1, 2020. See “*Compensation Discussion and Analysis – Mr. Whiteside Award Compensation*” for additional details.

⁽⁴⁾ Ms. Onnen was granted 150,000 options for shares of common stock on March 7, 2020. See “*Compensation Discussion and Analysis – Ms. Onnen Award Compensation*” for additional details.

⁽⁵⁾ Mr. Valdes was granted 200,000 options for shares of common stock on May 4, 2020. See “*Compensation Discussion and Analysis – Mr. Valdes Award Compensation*” for additional details.

⁽⁶⁾ Ms. Chakarun was granted 200,000 options for shares of common stock on June 15, 2020. See “*Compensation Discussion and Analysis – Ms. Chakarun Award Compensation*” for additional details.

Retirement, Health and Welfare Benefits

Our executive officers, including our NEOs, are eligible to participate in our employee benefit programs on the same basis as our other full-time, salaried employees. These benefits include 401(k) plan, with employer matching up to 4% of each participant’s eligible compensation, medical (including a medical waiver reimbursement if he/she declines to use Company coverage), dental and vision benefits, disability insurance, basic life insurance coverage, health savings accounts, accidental death and dismemberment insurance, and a monthly technology reimbursement, as well as employer-paid wellness benefits, including an employee subscription to the Calm[®] mobile application and 50-credits per month for use on wellness offerings on the ClassPass[®] mobile application. We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market. We believe these benefits are necessary to be competitive within our industry and the expense of these programs is offset by their attraction and retention value.

Special and Other Benefits

In general, we do not view perquisites, special bonuses, or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites, special bonuses, or other personal benefits to our NEOs, except in unique situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our NEOs more efficient and effective, and for recruitment and retention purposes. In particular, as a cloud-based company, we have provided certain home-technology expense payments for certain of our NEOs in order to join and remain with our company and work efficiently in a remote environment. Similar benefits are provided to all employees.

Executive Employment Terms

We have entered into written offer letters and/or employment agreements with each of our NEOs. Each of these letters/agreements was approved on our behalf by the Compensation Committee or, in certain instances, by our Board or

CFO. In filling each of NEO positions, our Board, CFO and the Compensation Committee recognized that it would need to develop competitive compensation packages to attract qualified candidates in a dynamic labor market.

Mr. Sanford: Mr. Sanford is the founder of the Company and no formal offer letter or engagement letter was entered into between Mr. Sanford and the Company. Mr. Sanford is an at-will employee. Mr. Sanford's current annual base salary is \$1,500,000. Subject to the Board's discretion and certain business and individual metrics, Mr. Sanford is eligible to receive certain cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Quarterly Revenue Share Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" for additional details).

Mr. Whiteside: We entered into an offer letter with Mr. Whiteside, effective October 11, 2018, to serve as our Chief Financial Officer and Chief Collaboration Officer. Mr. Whiteside is an at-will employee. Mr. Whiteside's current annual base salary is \$500,000. Subject to the Board's discretion and certain business and individual metrics, Mr. Whiteside is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" for additional details). Pursuant to the terms of his offer letter, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay in the event Mr. Whiteside is terminated by the Company without cause.

Ms. Onnen: We entered into an offer letter with Ms. Onnen, effective February 5, 2018, to serve as our SVP, Brokerage Operations of eXp Realty and became President of eXp Realty in March 2019. Ms. Onnen is an at-will employee. Ms. Onnen's current annual base salary is \$325,000. Subject to the CEO's and CFO's discretion and certain business and individual metrics, Ms. Onnen is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" for additional details).

Mr. Valdes: We entered into an offer letter with Mr. Valdes, effective April 22, 2019, to serve as our Executive Vice President of International Expansion. In September 2020, Mr. Valdes became our President of eXp Global. Mr. Valdes is an at-will employee. Mr. Valdes' current annual base salary is \$240,000. Subject to the CEO's and CFO's discretion and certain business and individual metrics, Mr. Valdes is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" for additional details).

Ms. Chakarun: We entered into an offer letter with Ms. Chakarun, effective May 19, 2020, to serve as our Chief Marketing Officer. Ms. Chakarun is an at-will employee. Ms. Chakarun's current annual base salary is \$320,000. Subject to the CEO's and CFO's discretion and certain business and individual metrics, Ms. Chakarun is eligible to receive certain annual cash bonus compensation and long-term incentive awards (see "*Compensation Discussion and Analysis – Annual Cash Bonus*" and "*Compensation Discussion and Analysis – Long-Term Incentive Compensation (Equity Awards)*" for additional details).

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") provides that we may not deduct compensation of more than \$1,000,000 (subject to certain limited exceptions) paid in any year paid to our CEO and certain other current and former executive officers who are "covered employees" within the meaning of Section 162(m) of the Code. We generally consider all elements of the cost to us of providing NEO compensation, including the potential impact of Section 162(m) of the Code, as well as our need to maintain flexibility in compensating executive officers in a manner designed to promote our goals. We may, in our discretion, authorize compensation payments that may or may not be deductible when we believe such payments are appropriate to attract, retain or motivate executive officers.

Accounting for Stock-Based Compensation

We follow the Financial Accounting Standard Board's Accounting Standards Codification Topic 718, or FASB ASC Topic 718, for our stock-based compensation awards, which requires us to measure the compensation expense for all share-based awards made to our employees and members of our Board, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the executive compensation tables required by the federal securities laws, even though the recipient of the awards may realize no value from their awards.

Resignation, Retirement, Other Termination, or Change in Control Arrangements

With the exception of Mr. Sanford's revenue share rights and Mr. Whiteside's severance eligibility, no NEO is granted post-employment compensation, including without limitation, severance, non-401(k)-retirement or pension benefits. Mr. Sanford is a participant in the Company's revenue share plan (see "*Compensation Discussion and Analysis - Quarterly and Other Cash Bonuses*" above). In July 2020, the Board adopted a formal policy whereby Mr. Sanford's revenue share would continue even after ceasing to be a director and/or executive officer of the Company. Pursuant to the terms of his offer letter, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay in the event Mr. Whiteside is terminated by the Company without cause, which term is undefined in the offer letter (see "*Compensation Discussion and Analysis – Executive Employment Terms*" above).

Pursuant to the 2015 Equity Plan, participants, including NEOs, are not permitted to pledge their shares..

Risks Relating to our Compensation Policies and Practices

The Compensation Committee has reviewed our compensation programs for employees generally and has concluded that these programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" section included in this Proxy Statement, and based on such review and discussion, the Compensation Committee recommended to our board of directors that this "Compensation Discussion and Analysis" section be included in this Proxy Statement.

Respectfully submitted by the Compensation Committee of the Board of Directors.

Glenn Sanford
Randall Miles
Dan Cahir

The foregoing report of the Compensation Committee is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of eXp World Holdings under the Securities Act, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

2020 Named Executive Officer Compensation

The following table sets forth summary information regarding the compensation awarded to, earned by, or paid to each of the named executive officers for services rendered to us for the fiscal years ended December 31, 2020, 2019, and 2018.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Glenn Sanford	2020	656,480	117,677	-0-	14,529,614	655,490 ⁽⁴⁾	15,959,261
Chief Executive Officer and Chairman of the Board	2019	72,000	-0-	-0-	-0-	1,297,405	1,369,405
	2018	58,875	-0-	-0-	-0-	1,748,092	1,806,967
Jeff Whiteside	2020	368,846	347,750	-0-	3,020,078	12,667 ⁽⁵⁾	3,749,341
Chief Financial Officer	2019	288,399	160,800	-0-	-0-	-0-	449,199
	2018	33,125	36,000	-0-	2,638,017	-0-	2,707,142
Stacey Onnen	2020	219,423	103,125	-0-	582,643	13,064 ⁽⁶⁾	918,255
President, eXp Realty							
Michael Valdes	2020	156,923	148,264	-0-	700,351	-0-	1,005,538
President, eXp Global							
Courtney Chakaran	2020	172,308	84,959	-0-	877,329	-0-	1,134,596
Chief Marketing Officer							

(1) Amounts in this column represent stock awards issued to the individuals noted, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718 based on the closing price of our common stock on the applicable grant date. See Note 11 - Stockholders' Equity to the consolidated financial statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, for the assumptions used in determining the grant date fair value of stock awards.

(2) Amounts in this column represent option awards issued to the individuals noted, based on the fair value determined at the date of grant in accordance with FASB ASC Topic 718. See Note 11 - Stockholders' Equity to the consolidated financial statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, for the assumptions used in determining the grant date fair value of option awards.

(3) The value of privileges and other personal benefits, perquisites and property that do not exceed \$10,000 for any named executive officer are not reported herein.

(4) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$655,488 in revenue sharing earned. See *Compensation Discussion and Analysis* for a discussion of the revenue sharing arrangement.

(5) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$12,125 in Company 401(k) contributions on behalf of Mr. Whiteside.

(6) Consists of holiday gift, \$42 in life insurance premiums paid by the Company, and \$2,000 medical waiver, and \$10,422 in Company 401(k) contribution on behalf of Ms. Onnen.

2020 Grants of Plan-Based Awards

The following table provides information with respect to grants of plan-based awards to the named executive officers for the year ended December 31, 2020:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (\$) ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards (#) ⁽²⁾			All Other Stock Awards: Number of Shares of Exercise ⁽¹⁾	All Other Option Awards: Underlying Securities ⁽¹⁾	Exercise Price or Base Price of Option Awards (\$/Sh) ⁽²⁾	Grant Date Fair Value of Awards (\$) ⁽²⁾
		Threshold	Target	Maximum	Threshold	Target	Maximum				
		(\$)	(\$)	(\$)	(#)	(#)	(#)				
Glenn Sanford	July 31, 2020	\$0	— ⁽³⁾	— ⁽³⁾	-	1,000,000	1,000,000 ⁽⁴⁾	-0-	1,000,000	\$ 9.94	\$ 14,529,614
Jeff Whiteside	November 1, 2020	\$0	\$0	\$0	-0-	-0-	-0-	-0-	200,000	\$ 20.77	\$ 3,020,078
Stacey Onnen	March 7, 2020	\$0	\$0	\$0	-0-	-0-	-0-	-0-	150,000	\$ 4.58	\$ 582,643
Michael Valdes	May 4, 2020	\$0	\$0	\$0	-0-	-0-	-0-	-0-	200,000	\$ 4.37	\$ 700,351
Courtney Chakarun	June 15, 2020	\$0	\$0	\$0	-0-	-0-	-0-	-0-	200,000	\$ 5.99	\$ 877,329

⁽¹⁾ Share amounts have been adjusted for the impact of the Stock Split. *See Compensation Discussion and Analysis for a discussion of 2020 equity awards. All equity awards were made under the 2015 Equity Incentive Plan.*

⁽²⁾ The dollar amounts shown represent the grant date fair value of stock awards granted, with the fair value determined at the date of grant in accordance with FASB ASC Topic 718, based on the closing price of our common stock on the applicable grant date. Values have been adjusted for the impact of the Stock Split. *See Compensation Discussion and Analysis for a discussion of 2020 equity awards. All equity awards were made under the 2015 Equity Incentive Plan.*

⁽³⁾ Starting August 2020, Mr. Sanford became eligible for quarterly at-risk cash bonuses equal to the amount by which his revenue share exceeded his salary for such quarter subject to continuous employment. There is no threshold, target or maximum dollar amount applicable to Mr. Sanford's participation in the revenue share cash bonus plan. Mr. Sanford also participates in the revenue sharing arrangement. *See Compensation Discussion and Analysis for a discussion of the revenue sharing arrangement.*

⁽⁴⁾ Starting July 2020, Mr. Sanford became eligible to receive a stock option award of 1,000,000 shares of common stock that vest quarterly over three years, subject to his continued service, so long as the Company's revenue is growing at least 30% annually during such quarter, or such other period as determined in the Board's discretion. Mr. Sanford became eligible to receive a stock option award of 1,000,000 shares of common stock that vest monthly over three years, subject to his continued service.

Outstanding Equity Awards as of December 31, 2020

Option Awards

The following table provides information regarding the equity awards outstanding as of December 31, 2020 held by each of our named executive officers:

Name	Option awards ⁽¹⁾		Equity incentive plan awards:		Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards:	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Number of securities underlying unexercised unearned options (#)	Option exercise price (\$)				Number of unearned shares, units or other rights have not vested (#)	Market or payout value of unearned shares, units or other rights have not vested (\$)
Glenn Sanford, CEO and Chairman of the Board	1,695,540	0	0	\$0.07	9/30/2022	0	\$0.00	0	\$0.00
	1,538,460	0	0	\$0.07	9/30/2022	0	\$0.00	0	\$0.00
	138,888	861,112 ⁽²⁾	0	\$9.94	7/31/2030	0	\$0.00	0	\$0.00
	83,334	0	916,666	\$9.94	7/31/2030	0	\$0.00	0	\$0.00
Jeff Whiteside, CFO	150,000	250,000 ⁽³⁾	0	\$5.83	10/31/2028	0	\$0.00	0	\$0.00
	0	200,000 ⁽⁴⁾	0	\$20.77	11/1/2030	0	\$0.00	0	\$0.00
Stacey Onnen, President, eXp Realty	0	0	0	\$0.00	9/30/2021	150	\$4,734.00	0	\$0.00
	0	0	0	\$0.00	10/31/2021	150	\$4,734.00	0	\$0.00
	0	0	0	\$0.00	2/28/2022	74	\$2,335.44	0	\$0.00
	0	15,624 ⁽⁵⁾	0	\$6.40	2/29/2028	0	\$0.00	0	\$0.00
	0	121,874 ⁽⁶⁾	0	\$4.58	3/6/2030	0	\$0.00	0	\$0.00
Michael Valdes, President, eXp Global	12,500	175,000 ⁽⁷⁾	0	\$ 4.37	5/5/2030	0	\$0.00	0	\$0.00
Courtney Chakarun, Chief Marketing Officer	0	175,000 ⁽⁸⁾	0	\$5.99	6/15/2030	0	\$0.00	0	\$0.00

⁽¹⁾ Share amounts and exercise prices have been adjusted for the impact of the Stock Split for all periods presented.

⁽²⁾ Option award covering 861,112 unvested shares was granted to Mr. Sanford on July 31, 2020 and vests monthly over three years. Option award covering 916,666 shares was granted to Mr. Sanford on July 31, 2020 and vests based on continued service and based on revenues--see *Compensation Discussion and Analysis*.

⁽³⁾ Option award was granted to Mr. Whiteside on November 1, 2018 and vests quarterly over four years.

⁽⁴⁾ Option award was granted to Mr. Whiteside on November 1, 2020 and vests quarterly over three years.

⁽⁵⁾ Option award was granted to Ms. Onnen on March 1, 2018 and vests quarterly over four years.

⁽⁶⁾ Option award was granted to Ms. Onnen on March 7, 2020 and vests quarterly over four years.

⁽⁷⁾ Option award was granted to Mr. Valdes on May 4, 2020 and vests quarterly over four years.

⁽⁸⁾ Option award was granted to Ms. Chakarun on June 15, 2020 and vests quarterly over four years.

2020 Option Exercises and Stock Vested

The following table provides information with respect to the Company stock options exercised by and Company RSU awards vested to the named executive officers for the year ended December 31, 2020:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Glenn Sanford	-	-	350	7,060
Jeff Whiteside	100,000	3,031,660	-	-
Stacey Onnen	62,502	1,319,990	-	-
Michael Valdes	12,500	92,328	-	-
Courtney Chakarun	25,000	545,491	-	-

Potential Payments upon Termination or Change-in-Control

Pursuant to the terms of his offer letter with the Company, Mr. Whiteside is eligible to receive a payment of up to four months' of base pay, less applicable withholding, in the event Mr. Whiteside is terminated by the Company without cause, which term is undefined. Mr. Whiteside's receipt of severance is subject to his execution of a general release in the form prescribed by the Company. Such severance payment would be equal to \$166,677, less applicable withholding (as of December 31, 2020).

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes certain information regarding our equity compensation plan as of December 31, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	9,851,058	\$ 4.82	23,528,822
Equity compensation plans not approved by security holders	-	-	-
Total	9,851,058	\$ 4.82	23,528,822

2021 Stock Split

On January 15, 2021, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend to stockholders of record as of January 29, 2021 (the "Stock Split"). The Stock Split was effected on February 12, 2021. All shares, RSUs, stock options, and per share information reported in this Proxy Statement have been retroactively adjusted to reflect the Stock Split.

2013 Stock Option Plan

On September 27, 2013, we adopted a stock option plan. The purpose of the stock option plan was to retain the services of valued key employees, directors, officers and consultants and to encourage such persons with an increased initiative to make contributions to our company. Under the stock option plan, eligible employees, consultants and certain other persons who were not eligible employees were eligible to receive awards of "non-qualified stock options." Individuals, who, at the time of the option grant, were employees of our company or any related company (as defined in the stock option plan) and who were subject to tax in the United States were eligible to receive "incentive stock options." The number of shares of our common stock issuable under the plan was 20,000,000. Although a limited number of awards

under the plan remain outstanding, no awards have been granted under the 2013 Stock Option Plan since 2015 and the unissued shares rolled into the 2015 Equity Incentive Plan pursuant to the terms of the 2015 Equity Incentive Plan.

2015 Equity Incentive Plan

On March 12, 2015, we adopted an equity incentive plan which was subsequently amended on August 28, 2017, October 29, 2017 and on October 24, 2019. The purpose of the equity incentive plan is to retain the services of valued key employees, directors, officers and consultants and to encourage commitment and motivate excellent performance. Our employees, consultants and directors are eligible to participate in the 2015 Equity Incentive Plan as determined by the Board. The following equity awards may be granted under the equity incentive plan: “incentive stock options”, “non-qualified stock options,” shares of restricted stock, restricted stock units and other stock-based awards; provided, that “incentive stock options” may be granted only to employees. The number of shares of our common stock issuable under the plan is 62,000,000 and under the 2019 amendment, the aggregate number of shares reserved for issuance under the Plan will automatically increase on December 1 of each year, commencing on December 1, 2019, and ending on (and including) December 1, 2024, in an amount equal to the lesser of (a) three percent (3%) of the total number of shares of Common Stock outstanding on December 31 of the preceding calendar year, or (b) the number of shares of Common Stock repurchased by the Company pursuant to any issuer repurchase plan then in effect; provided that the Board of Directors may act prior to December 1 of a given year to provide that there will be no share increase for such year or that the increase for such year will be a lesser number of shares than otherwise provided in clause (a) or (b). As of January 31, 2021, there were outstanding awards representing 16,349,324 shares of our common stock with 23,308,015 shares of our common stock available for future issuances under the 2015 Equity Incentive Plan.

On November 14, 2017, we filed a registration statement on Form S-8 to register the sale of 46,547,780 shares issuable under the 2013 Stock Option Plan and 2015 Equity Incentive Plan. On March 25, 2020, we filed a registration statement on Form S-8 to register an additional 21,916,436 shares issuable under the 2015 Equity Incentive Plan.

CEO Pay Ratio – 2020

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, the Company is providing the following reasonable estimate of the ratio of the median of the annual total compensation of all of our employees except Mr. Sanford, our CEO, to the annual total compensation of Mr. Sanford, calculated in a manner consistent with Item 402(u). For the year December 31, 2020:

- The median of the annual total compensation of all of our employees, excluding our CEO, was \$42,127.
- The annual total compensation of our CEO was \$1,312,688.
- For the fiscal year 2020, the ratio of the annual total compensation of our CEO to the annual total compensation of the median employee was 31 to 1.

The following is our methodology used to identify our median employee for fiscal year 2020:

- December 31, 2020 was the date used to determine our employee population which includes full-time, part-time and temporary employees. As of that date, our employee population was 900 and consisted of individuals working at our parent company and our subsidiaries in the United States, including Puerto Rico, and Canada (76 employees), but excluding the Company’s employee population located in France (3 employees) and Australia (1 employee). SEC rules allow foreign employees to be excluded in a country if those employees account for 5% or less of the total employees (“de-minimis exclusion”). We did not include independent contractors, as permitted by SEC rules.
- To determine the median employee of our employee population (other than Mr. Sanford), we used a consistently applied compensation measure comparing the cash compensation (total annual compensation and bonuses) paid in 2020 as reflected in our payroll records as of December 31, 2020, plus all stock compensation earned in 2020. Pursuant to the 2015 Equity Incentive Plan, as amended, each regular, full time employees receives an option award equal to 5% of his or her base salary using the Black Scholes valuation methodology, which award vest on the three-year anniversary of his or her employment. To determine the median employee of our employee

population, we do not realize the stock compensation value as a portion of employee compensation until it has vested.

- Using the employee (other than Mr. Sanford) compensation paid in 2020, we identified a median employee whose pay was within the average band of employee (other than Mr. Sanford) compensation paid in 2020. The median employee identified is a full-time employee, paid hourly. The median employee identified accurately represents a median employee as the Company employees many hourly full-time employees, the median employee's position is a common employee position, and the median employee earns compensation representative of our median employee compensation.

Once we determined our median compensated employee using these measures, we calculated the employee's 2020 annual total compensation using the same methodology that is used to calculate our CEO's annual total compensation in the table entitled "Summary Compensation Table." Except for certain executive officer voluntary compensation reductions during 2020 that were subsequently reversed, there were no general employee compensation changes made due to the actual or projected impacts of COVID-19 and we believe the methodology used to determine our median employee is appropriate in light of COVID-19.

Beneficial Ownership of Common Stock

The following table provides certain information regarding the ownership of our common stock, as of February 16, 2021 by each person known to us to own more than 5% of our outstanding common stock; each of our named executive officers; each of our directors; and all of our executive officers and directors as a group.

The number of shares of common stock beneficially owned by each person is determined under the rules of the SEC. Under these rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares that the individual has the right to acquire by April 17, 2021 (sixty days after February 16, 2021) through the exercise or conversion of a security or other right. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with a family member, with respect to the shares set forth in the following table. The inclusion in this table of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares for any other purpose. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾ (2)	Percentage of Class ⁽³⁾
	<i>More than 5% stockholders:</i>		
Common Stock	Penny Sanford	29,531,640 ⁽⁴⁾	20.45%
	<i>Directors and named executive officers:</i>		
Common Stock	Glenn Sanford	44,620,916 ^{(4) (5)}	30.15%
Common Stock	Eugene Frederick	4,734,118 ⁽⁴⁾	3.28%
Common Stock	Jason Gesing	2,878,636 ^{(4) (6)}	1.99%
Common Stock	Randall Miles	613,954 ⁽⁷⁾	*
Common Stock	Jeff Whiteside	198,066 ⁽⁸⁾	*
Common Stock	Dan Cahir	167,038 ⁽⁹⁾	*
Common Stock	Darren Jacklin	142,560 ⁽¹⁰⁾	*
Common Stock	Michael Valdes	25,000 ⁽¹¹⁾	*
Common Stock	Courtney Chakarun	12,500 ⁽¹²⁾	*
Common Stock	Stacey Onnen	12,498 ⁽¹³⁾	*
Common Stock	Felicia Gentry	6,300 ⁽¹⁴⁾	*
Common Stock	All executive officers and directors as a group (14 persons)	53,654,650	35.90%

* - Less than one percent.

- (1) Share amounts have been adjusted for the impact of the Stock Split for all periods presented.
- (2) Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.
- (3) Percentage of ownership is based on 144,377,201 shares of our common stock issued and outstanding as of February 16, 2021. Common stock subject to options or warrants exercisable within 60 days of February 16, 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (4) On March 8, 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick (collectively, the “Group Members”) filed a Schedule 13D/A with the SEC (the “Schedule 13D/A”) indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. By virtue of the relationship described in the Schedule 13D/A, the Group

Members may be deemed to constitute a “group” within the meaning of Rule 13d-5 under the Act. As a member of a group, each Group Member may be deemed to share voting and dispositive power with respect to, and therefore beneficially own, the securities of the Company beneficially owned by the Group Members as a whole. As of February 16, 2021, the Group Members are collectively the beneficial owners of 81,765,310 shares of our common stock. Such shares of common stock represent beneficial ownership of 55.87% of outstanding shares of common stock.

- (5) Includes 40,998,028 shares of our common stock and 3,622,888 shares of our common stock exercisable within 60 days of February 16, 2021.
- (6) Includes 2,276,136 shares of our common stock and stock options to acquire 602,500 shares of our common stock exercisable within 60 days of February 16, 2021.
- (7) Includes 270,080 shares of our common stock and stock options to acquire 343,874 shares of our common stock exercisable within 60 days of February 16, 2021.
- (8) Includes 150 shares of our common stock and stock options to acquire 197,916 shares of our common stock only exercisable within 60 days of February 16, 2021.
- (9) Includes 11,482 shares of our common stock and stock options to acquire 155,556 shares of our common stock exercisable within 60 days of February 16, 2021.
- (10) Includes 140,008 shares of our common stock and stock options to acquire 2,552 shares of our common stock exercisable within 60 days of February 16, 2021.
- (11) Includes stock options to acquire 25,000 shares of our common stock exercisable within 60 days of February 16, 2021.
- (12) Includes stock options to acquire 12,500 shares of our common stock exercisable within 60 days of February 16, 2021.
- (13) Includes stock options to acquire 12,498 shares of common stock exercisable within 60 days of February 16, 2021.
- (14) Includes 2,186 shares of our common stock and stock options to acquire 4,114 shares of our common stock exercisable within 60 days of February 16, 2021. Ms. Gentry’s term as a director began May 28, 2020.

Certain Relationships and Related Transactions

The Company's policy requiring that independent directors approve any related party transaction is not evidenced by writing but has been the Company's consistent practice. Each director and executive officer must promptly notify the Chief Executive Officer and the Audit Committee of the Board of any matter that he or she believes may raise doubt regarding his or her ability to act objectively and in the Company's best interest. In determining whether to approve, ratify, disapprove or reject such related party transaction, the Audit Committee may take into account, among other factors it deems appropriate, whether such related party transaction is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances. These policies and procedures are evidenced in writing in the Audit Committee charter and the Company's Code of Business Conduct and Ethics.

On November 4, 2020, Sanford Enterprises, LLC ("Sanford Enterprises"), a wholly-owned entity of Mr. Glenn Sanford, our Chief Executive Officer, a Director and Chairman of the Board of the Company, purchased all of the membership equity interests in Success Enterprises LLC ("Success") from Success Partners Holding Co, a third party media vendor to us, for \$8.0 million in cash. On December 4, 2020, we completed the acquisition of Success and its related media properties, including *SUCCESS*[®] print magazine, *SUCCESS.com*, *SUCCESS*[®] newsletters, podcasts, digital training courses and affiliated social media accounts across platforms (the "Success Acquisition") from Sanford Enterprises for cash consideration of \$8.0 million using cash on hand. After being informed of all material facts related to Mr. Sanford's interest in the transaction, the Success Acquisition was approved by the Board (with Mr. Sanford recused) on December 4, 2020.

As of fiscal year ended 2020, except for the Success Acquisition, in addition to revenue sharing payments made to our named executive officers as disclosed in "Executive Compensation" and to certain of our directors as disclosed in "Director Compensation", there were no other Related Party Transactions.

None of our current or former directors or executive officers is indebted to us, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who owned more than 10% of the Company's common stock (collectively, "Reporting Persons") to file reports of ownership and changes in ownership of common stock and other securities of the Company on Forms 3, 4 and 5 with the SEC. Reporting Persons were required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they filed.

Based solely on review of reports received by the Company or written representations from the Reporting Persons, the Company believes that with respect to the fiscal year ended December 31, 2020, all Reporting Persons complied with all applicable Section 16(a) filings, except for the following, which were inadvertently omitted due to administrative oversight: (i) Mr. Miles filed two late Forms 4: one on December 21, 2020 to report the acquisition of non-derivative securities on December 16, 2020, the disposition of shares of common stock on December 16, 2020 and the acquisition of derivative securities on December 16, 2020, and one on November 27, 2020 to report the acquisition of non-derivative and derivative securities on November 24, 2020; (ii) Mr. Cheng filed a late Form 3 on November 20, 2020 to report his appointment as Controller of the Company on October 15, 2020; (iii) Mr. Whiteside filed a late Form 4 on November 19, 2020 to report the acquisition of derivative securities November 1, 2020; (iv) Mr. Jacklin filed three late Forms 4: one on November 18, 2020 to report the disposition of shares of common stock on September 25, 2020 and September 28, 2020, one on February 6, 2020 to report the acquisition of non-derivative securities on January 31, 2020, and one on January 16, 2020 to report the acquisition of non-derivative securities on December 31, 2019; (v) Mr. Frederick filed four late Forms 4: one on August 31, 2020 to report the disposition of shares of common stock on August 12, 2020 and August 13, 2020, one on July 15, 2020 to report the acquisition of non-derivative securities on January 31, 2017, May 31, 2017, June 30, 2017, August 31, 2017, November 30, 2017, January 31, 2018, February 28, 2018, April 30, 2018, May 31, 2018, September 30, 2018, October 31, 2018, January 31, 2019, March 31, 2019, April 30, 2019, June 30, 2019, October 31, 2019, November 30, 2019, March 1, 2020, April 1, 2020, April 30, 2020, May 1, 2020, and July 12, 2020, one on February

6, 2020 to report the acquisition of non-derivative securities on January 31, 2020, and one on January 16, 2020 to report the acquisition of non-derivative securities on December 31, 2019; (vi) Ms. Truax filed a late Form 4 on July 17, 2020 to report acquisitions of non-derivative securities on June 30, 2017, August 31, 2017, February 28, 2018, April 30, 2018, June 30, 2018, July 31, 2018, January 31, 2019, March 31, 2019, May 31, 2019, July 31, 2019, September 30, 2019, December 31, 2019, and April 30, 2020 and the acquisition of derivative securities on February 1, 2019; (vii) Ms. Gentry filed a late Form 4 on June 22, 2020 to report the acquisition of non-derivative securities on May 28, 2020 and a late Form 3 on June 22, 2020 to report her appointment as a Director of the Company on May 28, 2020; (viii) Ms. Onnen filed a late Form 4 on March 11, 2020 to report the acquisition of derivative securities on March 7, 2020; and (ix) Mr. Sanford filed two late Forms 4: one on March 2, 2020 to report the disposition of shares of common stock on December 16, 2019 and one on January 28, 2020 to report the disposition of shares of common stock on January 22, 2020.

ANNEX A

PROPOSED AMENDMENT TO CHARTER

If Proposal 4 is approved by the stockholders, Section 3.01 of Article III of the Company's Charter will be amended as set forth below. Proposed additions are indicated by underline and proposed deletions are indicated by strike-through.

SECTION 3.01. Amount. The total number of shares of stock which the Corporation has authority to issue is ~~229~~900,000,000 shares initially all of which are designated as Common Stock, par value of \$0.00001 per share ("Common Stock").

BROADRIDGE CORPORATE ISSUER SOLUTIONS
C/O EXP WORLD HOLDINGS, INC.
P.O. BOX 1342
BRENTWOOD, NY 11717

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to <https://virtualshareholdermeeting.com/EXP12021>

You may vote during the meeting. Have your proxy card in hand when you access the website and follow the instructions to enter your 16-digit control number.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D44640-P52363

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

EXP WORLD HOLDINGS, INC.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees:

1a. Glenn Sanford

For Against Abstain

☐ ☐ ☐

1b. Jason Gesing

☐ ☐ ☐

1c. Randall Miles

☐ ☐ ☐

1d. Dan Cahir

☐ ☐ ☐

1e. Darren Jacklin

☐ ☐ ☐

1f. Eugene Frederick

☐ ☐ ☐

1g. Felicia Gentry

☐ ☐ ☐

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.

2. Ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for 2021.

For Against Abstain

☐ ☐ ☐

3. Approve, by a non-binding, advisory vote, the 2020 compensation of our named executive officers.

☐ ☐ ☐

4. Approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our common stock, \$0.00001 par value per share, from 220,000,000 to 900,000,000.

☐ ☐ ☐

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

D44641-P52363

**EXP WORLD HOLDINGS, INC.
Annual Meeting of Stockholders
May 17, 2021 12:00 PM PT**

This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Glenn Sanford and Jeff Whiteside, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of eXp World Holdings, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 12:00 p.m., Pacific Time on Monday, May 17, 2021, by webcast only at <https://expworldholdings.com/expshareholdersummit2021>, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO SUCH DIRECTION IS MADE, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Continued and to be signed on reverse side

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to
Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐ Definitive Proxy Statement
- ☒ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

EXP WORLD HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount previously paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____
-

Explanatory Note

The following information is being filed to amend and supplement the definitive proxy statement filed on Schedule 14A on April 7, 2021. We have revised the Beneficial Ownership table to include a stockholder inadvertently omitted from the original filing. The revised table is set forth below.

Beneficial Ownership of Common Stock

The following table provides certain information regarding the ownership of our common stock, as of February 16, 2021 by each person known to us to own more than 5% of our outstanding common stock; each of our named executive officers; each of our directors; and all of our executive officers and directors as a group.

The number of shares of common stock beneficially owned by each person is determined under the rules of the SEC. Under these rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares that the individual has the right to acquire by April 17, 2021 (sixty days after February 16, 2021) through the exercise or conversion of a security or other right. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with a family member, with respect to the shares set forth in the following table. The inclusion in this table of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares for any other purpose. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ^{(1) (2)}	Percentage of Class ⁽³⁾
	<i>More than 5% stockholders:</i>		
Common Stock	Penny Sanford	29,531,640 ⁽⁴⁾	20.45%
Common Stock	The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	8,189,964 ⁽⁵⁾	5.67%
	<i>Directors and named executive officers:</i>		
Common Stock	Glenn Sanford	44,620,916 ^{(4) (6)}	30.15%
Common Stock	Eugene Frederick	4,734,118 ⁽⁴⁾	3.28%
Common Stock	Jason Gesing	2,878,636 ^{(4) (7)}	1.99%
Common Stock	Randall Miles	613,954 ⁽⁸⁾	*
Common Stock	Jeff Whiteside	198,066 ⁽⁹⁾	*
Common Stock	Dan Cahir	167,038 ⁽¹⁰⁾	*
Common Stock	Darren Jacklin	142,560 ⁽¹¹⁾	*
Common Stock	Michael Valdes	25,000 ⁽¹²⁾	*
Common Stock	Courtney Chakarun	12,500 ⁽¹³⁾	*
Common Stock	Stacey Onnen	12,498 ⁽¹⁴⁾	*
Common Stock	Felicia Gentry	6,300 ⁽¹⁵⁾	*
Common Stock	All executive officers and directors as a group (14 persons)	53,654,650	35.90%

* - Less than one percent.

(1) Share amounts have been adjusted for the impact of the Stock Split for all periods presented.

(2) Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

(3) Percentage of ownership is based on 144,377,201 shares of our common stock issued and outstanding as of February 16, 2021. Common stock subject to options or warrants exercisable within 60 days of February 16, 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such option or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(4) On March 8, 2021, Mr. Sanford, Ms. Sanford, Mr. Gesing and Mr. Frederick (collectively, the “Group Members”) filed a Schedule 13D/A with the SEC (the “Schedule 13D/A”) indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. By virtue of the relationship described in the Schedule 13D/A, the Group Members may be deemed to constitute a “group” within the meaning of Rule 13d-5 under the Act. As a member of a group, each Group Member may be deemed to share voting and dispositive power with respect to, and therefore beneficially own, the securities of the Company beneficially owned by the Group Members

as a whole. As of February 16, 2021, the Group Members are collectively the beneficial owners of 81,765,310 shares of our common stock. Such shares of common stock represent beneficial ownership of 55.87% of outstanding shares of common stock.

- (5) The Vanguard Group reports shared voting and dispositive power of 140,248 shares of our common stock and sole voting and dispositive power of 4,013,839 shares of our common stock as of December 31, 2020. This information is based on the Schedule 13G filed with the SEC on February 8, 2021.
- (6) Includes 40,998,028 shares of our common stock and 3,622,888 shares of our common stock exercisable within 60 days of February 16, 2021.
- (7) Includes 2,276,136 shares of our common stock and stock options to acquire 602,500 shares of our common stock exercisable within 60 days of February 16, 2021.
- (8) Includes 270,080 shares of our common stock and stock options to acquire 343,874 shares of our common stock exercisable within 60 days of February 16, 2021.
- (9) Includes 150 shares of our common stock and stock options to acquire 197,916 shares of our common stock only exercisable within 60 days of February 16, 2021.
- (10) Includes 11,482 shares of our common stock and stock options to acquire 155,556 shares of our common stock exercisable within 60 days of February 16, 2021.
- (11) Includes 140,008 shares of our common stock and stock options to acquire 2,552 shares of our common stock exercisable within 60 days of February 16, 2021.
- (12) Includes stock options to acquire 25,000 shares of our common stock exercisable within 60 days of February 16, 2021.
- (13) Includes stock options to acquire 12,500 shares of our common stock exercisable within 60 days of February 16, 2021.
- (14) Includes stock options to acquire 12,498 shares of common stock exercisable within 60 days of February 16, 2021.
- (15) Includes 2,186 shares of our common stock and stock options to acquire 4,114 shares of our common stock exercisable within 60 days of February 16, 2021. Ms. Gentry's term as a director began May 28, 2020.

EXHIBIT V

**QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021,
FILED BY EXP WORLD HOLDINGS, INC. WITH THE SEC ON MAY 6, 2021**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-38493**



EXP WORLD HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

98-0681092

(IRS Employer
Identification No.)

2219 Rimland Drive, Suite 301

Bellingham, WA 98226

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (360) 685-4206

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.00001 per share

(Title of Each Class)

EXPI

(Trading Symbol)

NASDAQ

(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has selected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

There were 144,777,364 shares of the registrant's Common Stock, \$0.00001 par value, outstanding as of April 23, 2021.

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FORWARD LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not based on historical facts but rather represent current expectations and assumptions of future events. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Many of these risks and other factors are beyond our ability to control or predict. Forward-looking statements can be identified by words such as “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “should,” “intend,” “may,” “will,” “could,” “can,” “would,” “potential,” “seek,” “goal” and similar expressions. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management’s expectations, are described in greater detail in “Risk Factors” in Part I, Item 1A, and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Forward-looking statements are based on currently available operating, financial and market information and are inherently uncertain. Investors should not place undue reliance on forward-looking statements, which speak only as of the date they are made and are not guarantees of future performance. Actual future results and trends may differ materially from such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future developments or otherwise, except as may be required by law.

PART 1 – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

EXP WORLD HOLDINGS, INC. **CONDENSED CONSOLIDATED BALANCE SHEETS** *(In thousands, except share amounts)* **(UNAUDITED)**

	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 104,392	\$ 100,143
Restricted cash	66,105	27,781
Accounts receivable, net of allowance for credit losses of \$2,264 and \$1,879, respectively	88,475	76,951
Prepays and other assets	7,791	7,350
TOTAL CURRENT ASSETS	266,763	212,225
Property, plant, and equipment, net	9,042	7,848
Operating lease right-of-use assets	731	819
Intangible assets, net	8,121	8,350
Goodwill	12,945	12,945
TOTAL ASSETS	\$ 297,602	\$ 242,187
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,119	\$ 3,957
Customer deposits	66,105	27,781
Accrued expenses	79,392	62,750
Current portion of long-term payable	916	1,416
Current portion of lease obligation - operating lease	361	746
TOTAL CURRENT LIABILITIES	151,893	96,650
Long-term payable, net of current portion	1,726	2,876
Long-term lease obligation - operating lease, net of current portion	370	74
TOTAL LIABILITIES	153,989	99,600
EQUITY		
Common Stock, \$0.00001 par value 220,000,000 shares authorized; 147,934,768 issued and 144,899,364 outstanding in 2021; 146,677,786 issued and 144,143,292 outstanding in 2020	1	1
Additional paid-in capital	248,634	218,492
Treasury stock, at cost: 3,035,404 and 2,534,494 shares held, respectively	(72,003)	(37,994)
Accumulated deficit	(34,316)	(39,162)
Accumulated other comprehensive income	294	247
Total eXp World Holdings, Inc. stockholders' equity	142,610	141,584
Equity attributable to noncontrolling interest	1,003	1,003
TOTAL EQUITY	143,613	142,587
TOTAL LIABILITIES AND EQUITY	\$ 297,602	\$ 242,187

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except share amounts and per share data)
(UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
Revenues	\$ 583,833	\$ 271,421
Operating expenses		
Commissions and other agent-related costs	530,347	243,406
General and administrative expenses	46,300	26,860
Sales and marketing expenses	2,257	944
Total operating expenses	578,904	271,210
Operating income	4,929	211
Other expense		
Other (income) expense, net	(134)	38
Equity in losses of unconsolidated affiliates	6	21
Total other (income) expense, net	(128)	59
Income before income tax expense	5,057	152
Income tax expense	211	11
Net income	4,846	141
Net loss attributable to noncontrolling interest	-	24
Net income attributable to eXp World Holdings, Inc.	\$ 4,846	\$ 165
Earnings per share		
Basic	\$ 0.03	\$ 0.00
Diluted	\$ 0.03	\$ 0.00
Weighted average shares outstanding		
Basic	144,354,991	133,241,235
Diluted	158,722,126	144,647,818
Comprehensive income (loss):		
Net income	\$ 4,846	\$ 141
Comprehensive loss attributable to noncontrolling interests	-	24
Net income attributable to eXp World Holdings, Inc.	4,846	165
Other comprehensive income (loss):		
Foreign currency translation (loss) gain, net of tax	47	(297)
Comprehensive income (loss) attributable to eXp World Holdings, Inc.	\$ 4,893	(\$ 132)

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)
(UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
Common stock:		
Balance, beginning of quarter	\$ 1	\$ 1
Balance, end of quarter	1	1
Treasury stock:		
Balance, beginning of quarter	(37,994)	(8,623)
Repurchases of common stock	(34,009)	(10,305)
Retirement of treasury stock	-	-
Balance, end of quarter	(72,003)	(18,928)
Additional paid-in capital:		
Balance, beginning of quarter	218,492	130,682
Shares issued for stock options exercised	1,373	1,828
Agent growth incentive stock compensation	4,258	2,551
Agent equity stock compensation	21,402	8,794
Stock option compensation	3,109	1,073
Balance, end of quarter	248,634	144,928
Accumulated deficit:		
Balance, beginning of quarter	(39,162)	(70,293)
Net income (loss)	4,846	165
Balance, end of quarter	(34,316)	(70,128)
Accumulated other comprehensive income (loss):		
Balance, beginning of quarter	247	200
Foreign currency translation gain (loss)	47	(297)
Balance, end of quarter	294	(97)
Noncontrolling interest:		
Balance, beginning of quarter	1,003	161
Net loss	-	(24)
Contributions by noncontrolling interests	-	87
Balance, end of quarter	1,003	224
Total equity	\$ 143,613	\$ 56,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
OPERATING ACTIVITIES		
Net income (loss)	\$ 4,846	\$ 141
Reconciliation of net income (loss) to net cash provided by operating activities:		
Depreciation expense	1,007	757
Amortization expense - intangible assets	303	103
Amortization expense - long-term payable	-	64
Allowance for credit losses on receivables/bad debt on receivables	385	193
Equity in loss of unconsolidated affiliates	6	21
Agent growth incentive stock compensation expense	5,472	3,519
Stock option compensation	3,109	1,073
Agent equity stock compensation expense	21,402	8,794
Changes in operating assets and liabilities:		
Accounts receivable	(11,907)	(6,626)
Prepays and other assets	(459)	(476)
Customer deposits	38,324	3,219
Accounts payable	1,161	1,336
Accrued expenses	15,420	5,371
Long term payable	(150)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	78,919	17,489
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(2,257)	(1,355)
Acquisition of businesses, net of cash acquired	(1,500)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(3,757)	(1,355)
FINANCING ACTIVITIES		
Repurchase of common stock	(34,009)	(10,305)
Proceeds from exercise of options	1,373	1,828
Transactions with noncontrolling interests	-	87
NET CASH (USED IN) FINANCING ACTIVITIES	(32,636)	(8,390)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	47	(710)
Net change in cash, cash equivalents and restricted cash	42,573	7,034
Cash, cash equivalents and restricted cash, beginning balance	127,924	47,074
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING BALANCE	\$ 170,497	\$ 54,108
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for income taxes	\$ 3	\$ 30
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Lease liabilities arising from obtaining right-of-use assets	\$ -	\$ -
Termination of lease liabilities	-	43
Property, plant and equipment purchases in accounts payable	141	109

The accompanying notes are an integral part of these condensed consolidated financial statements.

eXp World Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements
(UNAUDITED)

(Amounts in thousands, except share amounts and per share data or noted otherwise)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

eXp World Holdings, Inc. (collectively with its subsidiaries, the “Company” or “eXp”) was incorporated in the State of Delaware on July 30, 2008. Through various operating subsidiaries, the Company primarily operates a cloud-based real estate brokerage operating throughout the United States and most of the Canadian provinces. Since the fourth quarter of 2019, the Company commenced operations in the United Kingdom (U.K.), Australia, South Africa, Portugal, France, India, Mexico, Puerto Rico, Brazil, Italy, and Hong Kong. Our real estate brokerage is now one of the largest and fastest growing real estate brokerage companies in the United States by agent count, and recently began to expand internationally. The Company focuses on a number of cloud-based technologies in order to grow an international brokerage without the burden of physical bricks and mortar or redundant staffing costs.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

These interim financial statements should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 11, 2021 (“2020 Annual Report”).

In our opinion, the accompanying interim unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. On January 15, 2021, the Company’s Board of Directors approved a two-for-one stock split in the form of a stock dividend to stockholders of record as of January 29, 2021 (the “Stock Split”). The Stock Split was effected on February 12, 2021. All shares, restricted stock units (“RSU”), stock options, and per share information have been retroactively adjusted to reflect the stock split. Operating results for the three-month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of eXp World Holdings, Inc., its wholly-owned subsidiaries, and including those entities in which we have a variable interest of which we are the primary beneficiary. If the Company has a variable interest in an entity but it is not the primary beneficiary of the entity or exercises control over the operations and has less than 50% ownership, it will use the equity method or the cost method of accounting for investments. Entities in which the Company has less than a 20% investment and where the Company does not exercise significant influence are accounted for under the cost method. Intercompany transactions and balances are eliminated upon consolidation.

Variable interest entities and noncontrolling interests

A company is deemed to be the primary beneficiary of a variable interest entity (“VIE”) and must consolidate the entity if the company has both: (i) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial, and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method and are recognized initially at cost.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to allowance for credit losses, legal contingencies, income taxes, revenue recognition, stock-based compensation,

goodwill, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Reclassifications

The Company has reclassified certain amounts in prior-period financial statements to conform to the current period's presentation. No material reclassifications occurred during the current period.

Restricted cash

Restricted cash consists of cash held in escrow by the Company on behalf of real estate buyers. The Company recognizes a corresponding customer deposit liability until the funds are released. Once the cash transfers from escrow, the Company reduces the respective customers' deposit liability.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown on the condensed consolidated statements of cash flows.

	Cash and cash equivalents	Restricted cash	Total
Balance, December 31, 2019	\$ 40,087	\$ 6,987	\$ 47,074
Net activity	4,192	2,842	7,034
Balance, March 31, 2020	\$ 44,279	\$ 9,829	\$ 54,108
Balance, December 31, 2020	\$ 100,143	\$ 27,781	\$ 127,924
Net activity	4,249	38,324	42,573
Balance, March 31, 2021	\$ 104,392	\$ 66,105	\$ 170,497

Recently Adopted Accounting Principles and Change in Accounting Principle

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12 – *Income Taxes* (Topic 740) ("ASU 2019-12"). ASU 2019-12 removes certain exceptions for investments, intraperiod allocations and interim calculations and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020; early adoption is permitted. The adoption of ASU 2019-12 had no material impact on the Company's condensed consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This guidance is optional for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. This guidance is effective from March 12, 2020 through December 31, 2022. Entities may elect to adopt the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. In January 2021, the FASB amended this Update to clarify certain optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. The Company does not have any material contracts, hedging or other transactions that reference LIBOR, and we do not expect to utilize the expedients and exceptions provided in this guidance.

3. EXPECTED CREDIT LOSSES

The Company is exposed to credit losses primarily through trade and other financing receivables arising from revenue transactions. The Company uses the aging schedule method to estimate current expected credit losses ("CECL") based on days of delinquency, including information about past events and current economic conditions. The Company's accounts receivable is separated into three categories to evaluate allowance under the CECL impairment model. The receivables in each category share similar risk characteristics. The three categories include agent non-commission based fees, agent short-term advances, and commissions receivable for real estate property settlements.

The Company analyzed uncollectable accounts for the three categories of receivables and concluded that only agent non-commission based fees receivables and agent short-term advances carry any risk of expected credit losses. Current economic conditions and forecasts of future economic conditions do not affect expected credit losses of uncollectable real estate property settlements. The collection of these payments is in-substance guaranteed because they represent commission payments on closed transactions, and the Company has no historical experience or expectation of losses related to these receivables. Receivables from real estate property settlements totaled \$85,412 and \$73,838 as of March 31, 2021 and December 31, 2020, respectively. As of March 31, 2021 and December 31, 2020, agent non-commission based fees receivable and short-term advances totaled \$5,327 and \$4,992, of which the Company recognized expected credit losses of \$2,264 and \$1,879, respectively.

The Company increases the allowance for expected credits losses when the Company determines all or a portion of a receivable is uncollectable. The Company recognizes recoveries as a decrease to the allowance for expected credit losses.

Changes in the allowance were not material for the three months ended March 31, 2021.

4. PLANT, PROPERTY AND EQUIPMENT, NET

Fixed assets, net consisted of the following:

	March 31, 2021	December 31, 2020
Computer hardware and software	\$ 15,431	\$ 13,828
Furniture, fixture, and equipment	20	20
Total depreciable property and equipment	15,451	13,848
Less: accumulated depreciation	(7,749)	(6,738)
Depreciable property, net	7,702	7,110
Assets under development	1,340	738
Property, plant, and equipment, net	\$ 9,042	\$ 7,848

For the three months ended March 31, 2021 and 2020, depreciation expense was \$1,007 and \$757, respectively.

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill was \$12,945 as of March 31, 2021 and December 31, 2020. The Company has a risk of future impairment to the extent that individual reporting unit performance does not meet projections. Additionally, if current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors, are not met, or if valuation factors outside of the Company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future. For the three months ended March 31, 2021, no events occurred that indicated it was more likely than not that goodwill was impaired.

Definite-lived intangible assets were as follows:

	March 31, 2021			December 31, 2020		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Trade name	\$ 2,868	(\$ 339)	\$ 2,529	\$ 2,868	(\$ 267)	\$ 2,601
Existing technology	1,470	(571)	899	1,396	(415)	981
Non-competition agreements	125	(97)	28	125	(87)	38
Customer relationships	1,895	(218)	1,677	1,895	(170)	1,725
Licensing agreement	210	(58)	152	210	(41)	169
Intellectual property	2,836	-	2,836	2,836	-	2,836
Total intangible assets	\$ 9,404	(\$ 1,283)	\$ 8,121	\$ 9,330	(\$ 980)	\$ 8,350

Definite-lived intangible assets are amortized using the straight-line method over an asset's estimated useful life. Amortization expense for definite-lived intangible assets for the three months ended March 31, 2021 and 2020 was \$303 and \$103, respectively. The Company has no indefinite-lived assets.

6. LEASES

The Company's lease portfolio consists of office leases with lease terms ranging from less than one year to seven years, with the weighted average lease term being three years.

Certain leases provide for increases in future lease payments once the term of the lease has expired, as defined in the lease agreements. These leases generally also include real estate taxes.

Short term leases, having a lease term at commencement of 12 months or less, are not capitalized and the expenses are recognized in the period incurred.

Included below is other information regarding leases for the periods presented:

	Three Months Ended March 31,	
	2021	2020
Other information		
Operating lease expense	\$ 96	\$ 117
Short-term lease expense	96	5
Cash paid for operating leases	16	117
Weighted-average remaining lease term (years) – operating leases ⁽¹⁾	3.8	4
Weighted-average discount rate – operating leases	4.481%	4.850%

⁽¹⁾ The Company's lease terms include options to extend the lease when it is reasonably certain the Company will exercise its option. Additionally, the Company considered any historical and economic factors in determining if a lease renewal or termination option would be exercised.

As of March 31, 2021, expirations of lease obligations by fiscal year were as follows:

Period Ending December 31,	
Remaining 2021	\$ 274
2022	320
2023	165
2024	5
2025	5
2026 and thereafter	1
Total lease payments	770
Less: interest	(39)
Total operating lease liabilities	\$ 731

7. DEBT

The Company issued unsecured promissory notes in the aggregate principal amount of \$1.5 million in connection with the acquisition of Showcase Web Sites, L.L.C. ("Showcase") in July 2020. The promissory notes accrue interest of 8% per annum, and interest is payable monthly beginning six months after the closing date.

On March 2, 2021, the Company repaid all outstanding promissory notes issued to the previous owners of Showcase and notes payable assumed as part of the acquisition. The repayments totaled approximately \$1.7 million representing the principal balance plus accrued interest and unpaid fees. The repayments of the notes payable did not result in a gain or loss on early extinguishment.

8. STOCKHOLDERS' EQUITY

The following table represents a reconciliation of the Company's common stock for the periods presented:

	Three Months Ended March 31,	
	2021	2020
Common stock:		
Balance, beginning of quarter	146,677,786	132,398,616
Shares issued for stock options exercised	547,776	3,570,096
Agent growth incentive stock compensation	285,122	254,212
Agent equity stock compensation	424,084	1,833,306
Balance, end of quarter	147,934,768	138,056,230

The Company's stockholder approved equity plans described below are administered under the 2013 Stock Option Plan and the 2015 Equity Incentive Plan. Although a limited number of awards under the plan remain outstanding, no awards have been granted under the 2013 Stock Option Plan since 2015. The purpose of the equity plans is to retain the services of valued employees, directors, officers, agents, and consultants and to incentivize such persons to make contributions to the Company and motivate excellent performance.

Agent Equity Program

The Company provides agents and brokers the opportunity to elect to receive 5% of commissions earned from each completed residential real estate transaction in the form of common stock (the “Agent Equity Program” or “AEP”). If agents and brokers elect to receive portions of their commissions in common stock, they are entitled to receive the equivalent number of shares of common stock, based on the fixed monetary value of the commission payable. The Company recognizes a 10% discount on these issuances as an additional cost of sales charge during the periods presented.

During the three months ended March 31, 2021 and 2020, the Company issued 424,084 and 1,833,306 shares of common stock, respectively, to agents and brokers with a value of \$21,402 and \$8,794, respectively, inclusive of discount.

Agent Growth Incentive Program

The Company administers an equity incentive program whereby agents and brokers become eligible to receive awards of the Company’s common stock through agent attraction and performance benchmarks (the “Agent Growth Incentive Program” or “AGIP”). The incentive program encourages greater performance and awards agents with common stock based on achievement of performance milestones. Awards typically vest after performance benchmarks are reached and three years of subsequent service is provided to the Company. Share-based performance awards are based on a fixed-dollar amount of shares based on the achievement of performance metrics. As such, the awards are classified as liabilities until the number of share awards becomes fixed once the performance metric is achieved.

For the three months ended March 31, 2021, the Company’s stock compensation attributable to the Agent Growth Incentive Program was \$5,472 of which the total amount of stock compensation attributable to liability classified awards was \$3,314. Stock compensation expense related to the Agent Growth Incentive Program is included in general and administrative expense in the condensed consolidated statements of comprehensive income (loss).

The following table illustrates changes in the Company’s stock compensation liability for the periods presented:

	Amount
Balance, December 31, 2020	\$ 2,093
Stock grant liability increase year to date	1,221
Balance, March 31, 2021	<u>\$ 3,314</u>

Stock Option Awards

During the three months ended March 31, 2021, and 2020, the Company granted 127,265 and 303,164 stock options, respectively, to employees with an estimated grant date fair value of \$26.01 and \$4.41 per share, respectively. The fair value was calculated using a Black Scholes-Merton option pricing model.

Stock Repurchase Plan

In December 2018, the Company’s board of directors (“the Board”) approved a stock repurchase program authorizing the Company to purchase up to \$25.0 million of its common stock, which was later amended in November 2019 and again in June 2020 increasing the authorized repurchase amount to \$75.0 million. In December 2020, the Board approved another amendment to the repurchase plan, increasing the total amount authorized to be purchased from \$75.0 million to \$400.0 million. Purchases under the repurchase program may be made in the open market or through a 10b5-1 plan and are expected to comply with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing and number of shares repurchased depends upon market conditions. The repurchase program does not require the Company to acquire a specific number of shares. The cost of the shares that are repurchased is funded from cash and cash equivalents on hand.

For accounting purposes, common stock repurchased under the stock repurchase programs is recorded based upon the settlement date of the applicable trade. Such repurchased shares are held in treasury and are presented using the cost method. These shares are not retired and are considered issued but not outstanding. The following table shows the changes in treasury stock for the periods presented:

	Three Months Ended March 31,	
	2021	2020
Treasury stock:		
Balance, beginning of quarter	2,534,494	925,364
Repurchases of common stock	500,910	991,241
Balance, end of quarter	<u>3,035,404</u>	<u>1,916,605</u>

9. EARNINGS PER SHARE

Basic earnings (loss) per share is computed based on net income (loss) attributable to eXp stockholders divided by the basic weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. The Company uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options. The Company uses the if-converted method to reflect the potential dilutive effect of a \$1.0 million payment obligation relating to the November 2018 acquisition of Virbela, LLC, that may be paid in cash or common stock in November 2021.

The following table sets forth the calculation of basic and diluted earnings per share attributable to common stock during the periods presented:

	Three Months Ended March 31,	
	2021	2020
Numerator:		
Net income (loss) attributable to common stock	\$ 4,846	\$ 165
Denominator:		
Weighted average shares - basic	144,354,991	133,241,235
Dilutive effect of common stock equivalents	14,367,135	11,406,583
Weighted average shares - diluted	158,722,126	144,647,818
Earnings (loss) per share:		
Earnings (loss) per share attributable to common stock- basic	\$ 0.03	\$ 0.00
Earnings (loss) per share attributable to common stock- diluted	0.03	0.00

For the three months ended March 31, 2021, total outstanding shares of common stock excluded 6,506 shares from the computation of diluted earnings per share because their effect would have been anti-dilutive.

10. INCOME TAXES

Our quarterly tax provision is computed by applying the estimated annual effective tax rate to the year-to-date pre-tax income or loss and adjust for discrete tax items in the period. The Company's provision for income tax expense amounted to \$0.2 million and \$0.01 million for the three months ended March 31, 2021 and 2020, respectively, which represented an effective tax rate of 4.17% and 7.61%, respectively. The increase in income tax expense was primarily attributable to increased profitability and changes to our geographic mix of earnings, partially offset by higher deductible share-based compensation expenses.

We periodically evaluate the realizability of our deferred tax assets based on all available evidence, both positive and negative. The realization of the net deferred tax assets is dependent on our ability to generate sufficient future taxable income during the periods prior to the expiration of tax attributes to fully utilize these assets. As of March 31, 2021, based on our assessment of the realizability of our net deferred tax assets, we continued to maintain a full valuation allowance against all of our federal and state net deferred tax assets. Management has evaluated our recent profitability trends and believes that, if current trends persist, there is a reasonable possibility that within the current fiscal year, sufficient positive evidence may become available to allow us to reach the conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance to be released are subject to change based on the positive evidence, including, but not limited to, the level of expected profitability, that we are able to actually achieve in future periods.

On March 11, 2021, The American Rescue Plan Act of 2021 ("ARPA Act") was signed into law. We evaluated the applicable provisions of the ARPA Act and determined that there is no material impact expected to our financial results. We will continue to monitor future guidance issued regarding the ARPA Act to determine any future impacts to our financial results.

11. FAIR VALUE MEASUREMENT

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The fair value hierarchy prioritizes the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

- Level 1 – Inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
- Level 3 – Inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

The Company holds funds in a money market account, which are considered Level 1 assets. The Company values its money market funds at fair value on a recurring basis.

As of March 31, 2021 and December 31, 2020, the fair value of the Company's money market funds was \$53,382 and \$53,380, respectively.

There have been no transfers between Level 1, Level 2 and Level 3 in the period presented. The Company did not have any Level 2 or Level 3 financial assets or liabilities in the period presented.

12. SEGMENT INFORMATION

Historically, management has not made operating decisions and assessed performance based on geographic locations. Rather, the chief operating decision-maker makes operating decisions and assesses performance based on the products and services of the identified operating segments. While management does consider real estate and brokerage services, the acquired technology and affiliated services provided to be identified operating segments, the profits and losses and assets of the technology and affiliated services business units are not material.

Operating Segments

The Company primarily operates as a cloud-based real estate brokerage. The real estate brokerage business represents 99.3% and 99.9% of the total revenue of the Company for the three months ended March 31, 2021 and 2020, respectively. The real estate brokerage business represents 99.0% and 98.9% of the total assets of the Company as of March 31, 2021 and December 31, 2020, respectively.

The Company offers software subscriptions to customers to access its virtual reality software platform. Additionally, the Company offers professional services for implementation and consulting services. However, the operations and assets of the technology segment are not managed by the Company's chief operating decision-maker as a separate reportable segment.

Services provided through First Cloud and Silverline are in the emerging stages of development as contributing segments and are not material to the Company's total revenue, total net income (loss) or total assets as of March 31, 2021.

The Company aggregates the identified operating segments for reporting purposes and has one reportable segment.

Geographical Information

The Company primarily operates within the real estate brokerage markets in the United States and Canada. During the previous two years, the Company expanded operations into the U.K., Australia, South Africa, Portugal, France, India, Mexico, Puerto Rico, Brazil, Italy, and Hong Kong.

The Company's management analyzes geographical locations on a forward-looking basis to identify growth opportunities. For the three months ended March 31, 2021 and 2020, approximately 7% and 4%, respectively, of the Company's total revenue was generated outside of the U.S. Assets held outside of the U.S. were 12% and 7% as of March 31, 2021 and December 31, 2020, which primarily consist of cash and cash equivalents and restricted cash held in Canada.

The Company's technology services and affiliated services are currently provided primarily in the U.S.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with our condensed consolidated financial statements and related notes included elsewhere in this report. Management's Discussion and Analysis of Financial Conditions and Results of Operations contain forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Item 1 A. – Risk Factors" in our 2020 Annual Report for a discussion of certain risks, uncertainties and assumptions associated with these statements.

This MD&A is divided into the following sections:

- Overview
- Market Conditions and Industry Trends
- Key Business Metrics
- Recent Business Developments
- Results of Operations
- Non-U.S. GAAP Financial Measures
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

All dollar amounts are in USD thousands except share amounts and per share data and as otherwise noted.

OVERVIEW

eXp World Holdings empowers the new economy through its people, platforms and personal and professional development solutions. Through our brokerage, eXp Realty we operate one of the world's fastest growing real estate brokerages. We are focused on being the most agent-centric company on the planet and offer our agents a generous commission, and a thriving community built on our proprietary and unique cloud-based brokerage and collaboration suite.

While we do not consider acquisitions a critical element of our ongoing business, we seek opportunities to expand and enhance our portfolio of solutions.

Strategy

Our strategy is to grow organically in the North American and certain international markets by increasing our independent agent and broker network. Additionally, we intend to continue our advancement into more international markets. Through our cloud-based operations and technology platform, we strive to achieve customer-focused efficiencies that allow us to increase market share and attain strong returns as we scale our business within the markets in which we operate. By building partnerships and strategically deploying capital, we seek to grow the business and enter into attractive verticals and markets.

Throughout 2020 and the first quarter of 2021, we made progress towards achieving our strategic goals, including an increase in our agent count of 77% from 28,449 agents as of March 31, 2020 to 50,333 agents as of March 31, 2021. The expected outcome of these activities will be to better position us to deliver on our full potential, to provide a platform for future growth opportunities, and to achieve our long-term financial goals.

MARKET CONDITIONS AND INDUSTRY TRENDS

Our business is dependent on the economic conditions within the markets for which we operate. Changes in these conditions can have a positive or negative impact on our business. The economic conditions influencing the housing markets primarily include economic growth, interest rates, unemployment, consumer confidence, mortgage availability and supply and demand.

In periods of economic growth, demand typically increases resulting in increasing home sales transactions and home sales prices. Similarly, a decline in economic growth, increasing interest rates and declining consumer confidence generally decreases demand. Additionally, regulations imposed by local, state, and federal government agencies, and geopolitical instability, can also negatively impact the housing markets for which we operate.

For the period ended March 31, 2021, the COVID-19 pandemic continued to materially and adversely affect businesses worldwide. The magnitude and duration of the impact from COVID-19 are not fully known and cannot be reasonably estimated. While the pandemic has been ongoing, there is still significant volatility and uncertainty surrounding the outlook of the global economy due to continued

restrictions on gatherings and travel, inconsistencies in lifting of those restrictions across geographic markets, new variants to the virus, and the rate of inoculations and efficacy of vaccines. We believe that, once COVID-19 is further contained, the economy will continue to rebound depending on the continued pace, rate, and effectiveness of lifting public health restrictions on businesses and individuals and how quickly people become comfortable engaging in public activities.

According to the National Association of Realtors (“NAR”), the housing market is past the recovery phase from the initial downturn during the beginnings of the COVID-19 pandemic. Current home sales are now at a pre-pandemic level, which is due to a significant increase in demand. The sizable shift to remote work, which has led to current homeowners looking for larger homes and vacation homes, and the continued historic low interest rates have accelerated housing demand. These low mortgage rates are also allowing more buyers to enter the market. According to the NAR housing statistics, existing home sales decreased for the second consecutive month as of March 2021, while the existing-home median price reached a historic record high of \$329. The decline in sales is a result of both seasonal activity, with home sales slowing in winter months, and the continued inventory shortage of homes. The demand for home buying remains at an all-time high. The NAR reported that pending home sales also continued to decrease for the second consecutive month of declining contract activity, however this is attributable to low inventory. The NAR index measures housing contract activity and is based on signed real estate contracts for existing single-family homes and condos. The Company continues to monitor the macro and micro economic environment but see the demand for housing continuing throughout the year due to continued low interest rates and overall promising economic outlook.

The Company is positioned to continue to grow in light of a series of fluctuations in economic activity. The Company continued its growth trajectory through the first quarter of 2021 with a year over year increase in revenue of 115% and an increase in agent count of 77%. However, depending on the continued course of the COVID-19 pandemic, specifically in key areas of operations, it is too early to predict the full extent of the effects the COVID-19 pandemic will have on the Company as we progress through the remainder of 2021.

Regardless of whether the housing market continues to grow or slows, we believe that we are positioned to leverage our low-cost, high-engagement model, affording agents and brokers increased income and ownership opportunities while offering a scalable solution to brokerage owners looking to survive and thrive in a series of fluctuations in economic activity.

National Housing Inventory

Throughout 2020 and into 2021, increased demand and low mortgage interest rates caused inventory levels to decline to record lows. With government implemented actions in response to COVID-19 in 2020 and overall uncertainty, fewer individuals are listing their homes and construction of new homes has slowed. Due to these factors, year over year inventory has decreased further. According to the NAR, inventory of existing homes for sale in the U.S. was 1.1 million as of March 2021 (preliminary) compared to 1.5 million at the end of March 2020. The NAR indicated the need for new home construction is robust due to the high demand of homes and the record-low inventory levels.

Mortgage Interest Rates

According to the NAR, mortgage interest rates on commitments for 30-year, conventional, fixed-rate mortgages averaged 2.9% for the first quarter of 2021 compared to 3.5% for the first quarter of 2020. Mortgage rates are forecasted to increase minimally to 3.0% throughout 2021. Mortgage rates are expected to remain low throughout 2021. Low mortgage rates are expected to continue to contribute to overall high demand for home-buying.

Housing Affordability Index

According to the NAR, the composite housing affordability index decreased to 173.1 for February 2021 (preliminary) from 175.6 for February 2020. The housing affordability index continues to be at historically favorable levels. When the index is above 100, it indicates that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20 percent down payment and ability to qualify for a mortgage. The favorable housing affordability index is due to favorable mortgage rate conditions. However, as housing prices continue to climb due to low inventory and high demand and in light of the higher unemployment rate and the ongoing COVID-19 pandemic, it is still too early to predict the extent to which the effects of these factors will have on long-term unemployment and housing affordability.

Home Sales Transactions

According to the NAR, seasonally adjusted existing home sale transactions for the three months ended March 2021 (preliminary) increased to 6.0 million compared to 5.4 million for the same period in 2020. The NAR anticipates transactions to continue with pace; however, due to low inventory levels, recovery may not be sustainable.

According to the NAR, nationwide existing home sales average price for March 2021 (preliminary) was \$329 compared to \$281 in March 2020. Due to low supply and high demand, the average sale price is expected to continue to increase through the remainder of

2021. However, it is still too early to predict the extent of the effects of the ongoing COVID-19 pandemic will have on long-term home sales prices.

KEY BUSINESS METRICS

Management uses our results of operations, financial condition, cash flows, and key business metrics related to our business and industry to evaluate our performance and make strategic decisions.

The following table outlines the key business metrics that we periodically review:

	Three Months Ended March 31,	
	2021	2020
	<i>(in thousands, except transactions and agent count)</i>	
Performance:		
Agent count	50,333	28,449
Transactions	73,878	37,882
Volume	\$ 24,507,856	\$ 11,002,500
Revenue	\$ 583,833	\$ 271,421
Gross margin	9.2%	10.3%
Adjusted EBITDA	\$ 14,820	\$ 5,727

⁽¹⁾ Adjusted EBITDA is not a measurement of our financial performance under generally accepted accounting principles in the U.S. GAAP and should not be considered as an alternative to net income, operating income, or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Non-U.S. GAAP Financial Measures”.

We periodically evaluate trends in certain metrics to track the Company’s performance.

Our strength is attracting real estate agent and broker professionals that contribute to our growth. Brokerage real estate transactions are recorded when our agents and brokers represent buyer and/or sellers in the purchase or sale, respectively, of a home. The number of real estate transactions is a key driver of our revenue and profitability. Real estate transaction volume represents the total sales value for all homes sold by our agents and brokers and is influenced by several market factors, including, but not limited to, the pricing and quality of our services and market conditions that affect home sales, such as macroeconomic factors, local inventory levels, mortgage interest rates, and seasonality. Real estate transaction revenue represents the commission revenue earned by the Company for closed brokerage real estate transactions.

We continue to increase our agents and brokers significantly in the United States and Canada through the execution of our growth strategies. Since 2019, we expanded operations to the U.K., Australia, South Africa, Portugal, France, India, Mexico, Puerto Rico, Brazil, Italy, and Hong Kong. The rate of growth of our agent and broker base is difficult to predict and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. With the favorable economic outlook and our unique business model, we anticipate to continuously grow for the remainder of the year.

Settled home sales transactions and volume resulted from closed real estate transactions and typically change directionally with changes in the market’s existing home sales transactions as reported by the NAR, as disproportionate variances are representative of company-specific improvements or shortfalls to the norm. Our home sale transactions growth was directly related to the growth of our agent base over the prior comparative period.

We utilize gross margin, a financial statement measure based on U.S. GAAP to assess eXp’s financial performance from period to period. Gross margin is calculated from U.S. GAAP reported amounts and equals the difference between revenue and cost of sales (i.e., gross profit) as a percentage of total revenue. Commissions and other agent-related costs represent the cost of sales for the Company. The cost of sales does not include depreciation or amortization expenses as the Company’s assets are not directly used in the production of revenue. Gross margin is based on the information provided in our results of operations or our consolidated statements of comprehensive income (loss), and is an important measure of our potential profitability and brokerage performance. For the three months ended March 31, 2021 and 2020, gross margin was 9.2% and 10.3%, respectively. Gross margin decreased year-over-year which is mostly attributable increase in agent commission costs. We continue to monitor our gross margin through efforts to improve our cost structure.

Management also reviews Adjusted EBTIDA, which is a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. Adjusted EBITDA has grown significantly for the three months ended March 31, 2021 and 2020 due to our revenue growth and improved leverage of our cost structure.

RECENT BUSINESS DEVELOPMENTS

Real Estate Brokerage Initiatives

Global Expansion of Our Real Estate Cloud Brokerage

During the fourth quarter of 2020, the Company initiated operations in France, India, Mexico, Portugal, and South Africa. In addition, operations commenced in Puerto Rico, Brazil, Italy, and Hong Kong in the first quarter of 2021. The Company continues to pursue growth opportunities into new global markets. In addition to the international expansion, the Company also continues to focus on growth in the United States and in Canada.

Agent and Employee Experience

The Company has embarked on an initiative to better understand both its agents and employees' experience. In doing so, we have adopted many of the principles of the Net Promoter Score® ("NPS") across many aspects of our organization. NPS is a measure of customer satisfaction and is measured on a scale between -100 and 100. A NPS above 50 is considered excellent. The Company's agent NPS was 73 in the first quarter of 2021. Whether it be the overall question "How likely are you to recommend eXp to your colleagues, friends, or family?" or more granular inquiries as to specific workflows or service offerings, we believe this will ensure we are delivering on the most important values to our agents and employees. In turn, this often leads to enthusiastic fans of eXp who will promote our Company and continue leading us through strong organic growth.

This also ties into one of our core values of transparency. While we strive for high satisfaction, it is equally important to investigate a low or unfavorable trending of NPS. As NPS scores are often leading indicators to agents and employees' future actions, we are able to learn quickly what may be a 'pain point' or product that is not meeting its desired objective. We then take that information and translate it into action with an effort to remediate the specific root cause(s) driving the lower score. This fast and iterative approach has already led to improvements in such parts of our business such as agent onboarding, commission transaction processing, and employee benefits.

Agent Ownership

The Company maintains an equity incentive program whereby agents and brokers of eXp Realty can become eligible to receive awards of the Company's common stock through the achievement of production and agent attraction benchmarks. The equity incentive program it continues to be key element in creating a culture of agent-ownership.

Our agent compensation plans represent a key lever in our strategy to attract and retain independent agents and brokers. The costs attributable to these plans are also a significant component of our commission structure and results of operations. Agents and brokers can elect to receive 5% of their commission payable in the form of Company common stock issued at a 10% discount. Our operational strategy and the importance of the agent compensation plans to our strategy have not changed; however, the financial impact of the change in the discount has had a meaningful effect on our results of operations. Our stock repurchase program and agent growth incentive program are more fully disclosed in Note 8 – Stockholders' Equity to the condensed consolidated financial statements.

Technology Products and Services

We continue developing the core Virbela software platform and its underlying infrastructure through our subsidiary, eXp World Technologies, LLC, to accommodate for the increasing use and scale required to support our eXp Realty division. In 2019, we released a new product centered on the concept of an open campus whereby small and independent organizations may utilize sub spaces as part of a larger campus similar to collaborative environments that currently exist in the physical brick and mortar world. In the first quarter of 2020, Virbela began offering virtual events in conjunction with Event Farm, Inc. Given the current environment due to the COVID-19 pandemic, there is an acute need for virtual workplace collaboration. For the period ended March 31, 2021, Virbela has seen an increase in demand for virtual events and collaborative spaces for remote teams and as a result has introduced new products and features including, an expo hall, a concert stage for virtual entertainment, VR support for Oculus Rift and HTC VIVE, and screen sharing and video chat capabilities. Lastly, we expect to continue to service existing and new business-to-business enterprise level contracts in the coming year.

Affiliated Services

Recent acquisitions and partnerships have allowed us to begin offering to customers more products and services complementary to our real estate brokerage business. These affiliated services include mortgage origination, title, escrow, and settlement services, which we can now provide as a more inclusive offering in addition to our brokerage services. We anticipate continued growth and investment in these service offerings through 2021; however, actual performance will depend directly on utilization by eXp Realty agents and brokers and the on-going and fluctuating government implemented restrictions due to the COVID-19 pandemic.

Results of Operations

Three Months Ended March 31, 2021 compared to the Three Months Ended March 31, 2020

	Three Months Ended March 31, 2021	% of Revenue	Three Months Ended March 31, 2020	% of Revenue	Change 2021 vs. 2020	
					\$	%
Statement of Operations Data:						
Revenues	\$ 583,833	100%	\$ 271,421	100%	\$ 312,412	115%
Operating expenses						
Commissions and other agent-related costs	530,347	91%	243,406	90%	286,941	118%
General and administrative expenses	46,300	8%	26,860	10%	19,440	72%
Sales and marketing expenses	2,257	-%	944	-%	1,313	139%
Total operating expenses	578,904	99%	271,210	100%	307,694	113%
Operating income	4,929	1%	211	-%	4,718	2236%
Other (income) expense, net	(128)	-%	59	-%	187	317%
Income before income tax expense	5,057	1%	152	-%	4,905	3227%
Income tax expense	211	-%	11	-%	200	1818%
Net income	4,846	1%	141	-%	4,705	3337%
Add back: Net loss attributable to noncontrolling interest	-	-%	24	-%	(24)	(100)%
Net income attributable to eXp World Holdings, Inc.	\$ 4,846	1%	\$ 165	-%	\$ 4,681	2837%
Adjusted EBITDA ⁽¹⁾	\$ 14,820	3%	\$ 5,727	2%	\$ 9,093	159%
Earnings per share						
Basic	\$ 0.03		\$ 0.00		\$ 0.03	N/A
Diluted	\$ 0.03		\$ 0.00		\$ 0.03	N/A
Weighted average shares outstanding						
Basic	144,354,991		133,241,235			
Diluted	158,722,126		144,647,818			

⁽¹⁾ Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see "Non-U.S. GAAP Financial Measures."

Revenue

Our total revenues were \$583.8 million for the three months ended March 31, 2021 compared to \$271.4 million for the same period in 2020, an increase of \$312.4 million, or 115%. Total revenues increased for the first quarter of 2021 primarily as a result of an increase in real estate brokerage commissions, which is directly attributable to increases in our agent count and closed transactions compared to the same period in 2020. Additionally, the average home sale price for eXp closed transactions increased 15% to \$332 during the three months ended March 31, 2021 from \$290 for the same period in 2020.

Commission and Other Agent Related Costs

Commission and other agent-related costs were \$530.3 million for the three months ended March 31, 2021 compared to \$243.4 million for the same period in 2020, an increase of \$286.9 million, or 118%. Commission and other agent related costs increased primarily as a result of a higher volume of settled real estate transactions related to the increase in our agent base.

General and Administrative Expense

General and administrative expenses were \$46.3 million for the three months ended March 31, 2021 compared to \$26.9 million for the same period in 2020, an increase of \$19.4 million or 72%. General and administrative expenses include costs related to wages, including stock compensation, and other general overhead expenses. General and administrative expenses increased primarily as a result of an increase of \$11.8 million in compensation related expenses including salaries, employee benefits, and payroll taxes and processing, an increase of \$2.2 million in computer and software expenses, and an increase of \$4.0 million in stock compensation expense. These increases are a result of the Company's increase in employee and agent count and an increase in our stock price compared to the prior period in 2020.

Sales and Marketing

Sales and marketing expenses increased at \$2.3 million and \$0.9 million for the three months ended March 31, 2021 compared to the same period in 2020 due to initiatives to continue growth, expand brand awareness, and additional marketing costs associated with new business lines.

Other Income (Expense)

There were no significant changes in other income (expense) for the three months ended March 31, 2021 compared to the same period in 2020.

Income Tax Expense

The Company's provision for income tax expense amounted to \$0.2 million and less than \$0.1 million for the three months ended March 31, 2021 and 2020, respectively, which represented an effective tax rate of 4.17% and 7.61%, respectively.

NON-U.S. GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use Adjusted EBITDA, a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. This non-GAAP financial measure, which may be different than similarly titled measures used by other companies, is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

We define the non-U.S. GAAP financial measure of Adjusted EBITDA to mean net income (loss), excluding other income (expense), income tax benefit (expense), depreciation, amortization, and impairment charges, stock-based compensation expense, and stock option expense.

We believe that Adjusted EBITDA provides useful information about our financial performance, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to a key metric used by our management 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 underlying operations and provides better transparency into our results of operations.

We are presenting the non-U.S. GAAP measure of Adjusted EBITDA to assist investors in seeing our financial performance through the eyes of management, and because we believe this measure provides an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of Adjusted EBITDA compared to Net Income (Loss), the closest comparable U.S. GAAP measure. Some of these limitations are that:

- Adjusted EBITDA excludes stock-based compensation expense related to our agent growth incentive program and stock option expense, which have been, and will continue to be for the foreseeable future, significant recurring expenses in our business and an important part of our compensation strategy; and
- Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets, amortization of intangible assets, and impairment charges related to these long-lived assets, and, although these are non-cash charges, the assets being depreciated, amortized, or impaired may have to be replaced in the future.

The following tables present a reconciliation of Adjusted EBITDA to net loss, the most comparable U.S. GAAP financial measure, for each of the periods presented:

	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$ 4,846	\$ 141
Other expense (income), net	(128)	59
Income tax expense	211	11
Depreciation, amortization, and impairment expenses ⁽¹⁾	1,310	924
Stock compensation expense ⁽²⁾	5,472	3,519
Stock option expense	3,109	1,073
Adjusted EBITDA	\$ 14,820	\$ 5,727

⁽¹⁾ Amortization of stock liability is included in the "Other expense (income)" line item.

⁽²⁾ This includes agent growth incentive stock compensation expense and stock compensation expense related to non-controlling interest.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are our cash and cash equivalents on hand and cash flows generated from our business operations. Our ability to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to fund our operations and capital expenditures, repurchase our common stock, and meet obligations as they become due. At present, our cash and cash equivalents balances and cash flows from operations have strengthened primarily due to transaction volume growth and improved cost leverage over the prior five years attributable to the expansion of our independent agent and broker network and, to a lesser extent, increased average prices of home sales.

Currently, our primary use of cash on hand is to sustain and grow our business operations, including, but not limited to, commission and revenue share payments to agents and brokers and cash outflows for operating expenses. Our current capital deployment strategy for 2021 is to utilize excess cash on hand to support our growth initiatives into select markets and enhance our technology platforms and for repurchases of our common stock. As of March 31, 2021, the Company is not party to any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources. In addition, the Company has no known material cash requirements as of March 31, 2021 relating to capital expenditures, commitments, or human capital (except as passthrough commissions to agents and brokers concurrent with settled real estate transactions). The cash requirements for the upcoming fiscal year relate to our leases and our debt associated with acquisitions. For information regarding the Company's expected cash requirement related to leases, see Note 6 – Leases to the condensed consolidated financial statements. Cash requirements associated with our acquisitions include a \$1.0 million payment of cash or common stock of the Company to the previous owners of Virbela, LLC due in November 2021. During the first quarter of 2021, the Company paid \$1.5 million of principal amount outstanding for the full settlement of the promissory notes issued to the previous owners of Showcase, which were due in installments payments during 2021 and 2022.

We believe that our existing balances of cash and cash equivalents and cash flows expected to be generated from our operations will be sufficient to satisfy our operating requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our level of investment in technology, our rate of growth into new markets, and cash used to repurchase shares of the Company's common stock. Our capital requirements may be affected by factors which we cannot control such as the changes in the residential real estate market, interest rates, and other monetary and fiscal policy changes to the manner in which we currently operate. In order to support and achieve our future growth plans, we may need or seek advantageously to obtain additional funding through equity or debt financing. We believe that our current operating structure will facilitate sufficient cash flows from operations to satisfy our expected long-term liquidity requirements beyond the next twelve months.

We currently do not hold any bank debt, nor have we issued any debt instruments through public offerings or private placements. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would likely suffer. As of March 31, 2021, our cash and cash equivalents totaled \$104.4 million. Cash equivalents are comprised of financial instruments with an original maturity of 90 days or less from the date of purchase, primarily money market funds. We currently do not possess any marketable securities.

Net Working Capital

Net working capital is calculated as the Company's total current assets less its total current liabilities. The following table presents our net working capital as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Current assets	\$ 266,763	\$ 212,225
Current liabilities	(151,893)	(96,650)
Net working capital	<u>\$ 114,870</u>	<u>\$ 115,575</u>

For the three months ended March 31, 2021, net working capital remained relatively consistent at \$115, with a decrease of \$ 0.7 million, or 1%, compared to December 31, 2020 primarily due to the early payment of the Showcase acquisition promissory note of \$1.5 million, most of which was classified as noncurrent liabilities.

Cash Flows

The following table presents our cash flows for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Cash provided by operating activities	\$ 78,919	\$ 17,489
Cash used in investment activities	(3,757)	(1,355)
Cash used in financing activities	(32,636)	(8,390)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	47	(710)
Net change in cash, cash equivalents and restricted cash	<u>\$ 42,573</u>	<u>\$ 7,034</u>

For the three months ended March 31, 2021, cash provided by operating activities increased \$61.4 million compared to the same period in 2020. The change resulted primarily from the increased real estate transactions volume, increase in customer deposits, and higher participation by our agents and brokers in our agent stock compensation programs.

For the three months ended March 31, 2021, cash used in our investing activities increased due to higher capital expenditures and acquisition-related payments.

For the three months ended March 31, 2021, the increase in cash flows used in financing activities primarily were related to repurchases of our common stock, partially offset by proceeds received from the exercise of stock options.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2020, which provides a description of our critical accounting policies. There were no changes to critical accounting policies or estimates as reflected in our 2020 Annual Report. For additional information regarding our critical accounting policies and estimates, see the Critical Accounting Policies and Estimates section of MD&A included in our 2020 Annual Report.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposures to market risk since December 31, 2020. For details on the Company's interest rate and foreign currency exchange, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2020 Annual Report.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2021 pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act

is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of March 31, 2021, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2021.

Changes in Internal Control Over Financial Reporting

In addition, no significant changes in the Company's internal control over financial reporting occurred during the quarter ended March 31, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. As the Company's workforce already operates in a remote environment, there was no material impact of COVID-19 on our day-to-day operations or our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2021. In making its evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework (2013).

Under standards established by the Public Company Accounting Oversight Board of the United States, a material weakness is a significant deficiency, or combination of significant deficiencies, that results in there being a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Inherent Limitations on Effectiveness of Internal Controls

Our management, including the Principal Executive Officer, the Principal Financial Officer, and the Principal Accounting Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we are involved in ordinary routine litigation incidental to the conduct of our business, including matters that may be certified as class or collective actions.

There are no legal proceedings pending or, to our knowledge, threatened that we believe could have a material adverse impact on our business, reputation, results of operations or financial condition.

Item 1A. RISK FACTORS

There were no material changes to the risk factors reported in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information about repurchases of our common stock through the quarter ended March 31, 2021:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plans or programs
1/1/2021-1/31/2021	143,664	\$ 85.20	143,664	\$ 369,212,804
2/1/2021-2/28/2021	111,555	103.72	111,555	359,024,711
3/1/2021-3/31/2021	245,691	50.02	245,691	346,905,605
Total	500,910	\$ 79.65	500,910	

⁽¹⁾ The repurchase program began on January 2, 2019 and was set to expire on June 28, 2019. On June 12, 2019, the Company, under authorization from the Board of Directors, amended the plan. The amended plan extended the repurchase program through December 31, 2019. On November 26, 2019, the Company announced the approval to increase the authorization limits of the Company’s stock repurchase program by the Board. The Board agreed to extend the stock repurchase program through the fourth quarter of 2020 and to increase the authorization for the stock repurchase program from \$25.0 million to \$75.0 million of the Company’s common stock. The Company discontinued the repurchase program in March 2020 and subsequently reinstated it in June 2020 with a maximum authorization of \$75.0 million. In December 2020, the Board approved an increase to the total amount of its buyback program from \$75.0 million to \$400.0 million. The stock repurchase program is more fully disclosed in Note 8 – Stockholders’ Equity to the condensed consolidated financial statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit	Exhibit
Number	Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

eXp World Holdings, Inc.

(Registrant)

Date: May 6, 2021

/s/ Jeff Whiteside

Jeff Whiteside

Chief Financial Officer (Principal Financial Officer)

**Certification of the Chief Executive Officer pursuant to Rule
13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Glenn Sanford, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q of eXp World Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

By: /s/ Glenn Sanford

Glenn Sanford

Chief Executive Officer (Principal Executive Officer)

**Certification of the Chief Financial Officer pursuant to Rule
13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeff Whiteside, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q of eXp World Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

By: /s/ Jeff Whiteside

Jeff Whiteside

Chief Financial Officer (Principal Financial Officer)

**Certification of Chief Executive Officer pursuant to 18 U.S.C.
1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of eXp World Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Glenn Sanford, as Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

By: /s/ Glenn Sanford

Glenn Sanford
Chief Executive Officer (Principal Executive Officer)

**Certification of Chief Financial Officer pursuant to 18 U.S.C.
1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of eXp World Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeff Whiteside, as Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

By: /s/ Jeff Whiteside

Jeff Whiteside

Chief Financial Officer (Principal Financial Officer)

EXHIBIT VI

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
EXP WORLD HOLDINGS, INC.,
AS AMENDED**

State of Delaware
Secretary of State
Division of Corporations

Delivered 01:40 PM 01/22/2019

FILED 01:40 PM 01/22/2019

SR 20190413886 - File Number 4581575

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
EXP WORLD HOLDINGS, INC.**

The corporation was incorporated under the name "Desert Canadians Ltd." by the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware on July 30, 2008. This Amended and Restated Certificate of Incorporation of the corporation, which restates and integrates and also further amends the provisions of the corporation's Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law and by the written (or electronic) consent of its stockholders in accordance with Section 228 of the Delaware General Corporation Law. The Certificate of Incorporation of the corporation is hereby amended, integrated and restated to read in its entirety as follows:

ARTICLE I

Identification

SECTION 1.01. Name. The name of the Corporation is "eXp World Holdings, Inc." (the "Corporation").

ARTICLE II

Purpose

SECTION 2.01. Purpose. The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law ("DGCL").

ARTICLE III

Capital Stock

SECTION 3.01. Amount. The total number of shares of stock which the Corporation has authority to issue is 220,000,000 shares initially all of which are designated as Common Stock, par value of \$0.0001 per share ("Common Stock").

SECTION 3.02. Common Stock.

(A) The holders of shares of Common Stock shall be entitled to one vote for each such share on each matter submitted to the stockholders on which the holders of shares of Common Stock are entitled to vote. Except as otherwise required by law or this Amended and Restated Certificate of Incorporation, and at any annual or special meeting of the stockholders the holders of shares of Common Stock shall have the right to vote for the election of directors and on all other matters submitted to a vote of the stockholders; provided, however, that, except as otherwise required by law.

(B) The holders of shares of Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property, or capital stock of the Corporation) when, as and if declared thereon by the Board of Directors from time to time out of any assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in such dividends and distributions.

(C) In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and the holders of shares of Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

(D) Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in

writing, setting forth the action so taken, shall be signed by the holders of outstanding common stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an office or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided, however if at any time Glenn Sanford and Penny Sanford no longer are the beneficial owners, in the aggregate, of at least a majority in voting power of all shares entitled to vote in the election of directors, then any action required or permitted to be taken by the holders of the Common Stock of the Corporation must be effected at a duly called annual or special meeting of such holders and may no longer be effected by any consent in writing by such holders.

ARTICLE IV

Directors

SECTION 4.01. Management of the Corporation. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation.

SECTION 4.02. Number. The number of directors of the Corporation shall be limited as provided in the Bylaws and determined exclusively by resolution adopted by a majority of the Whole Board. For purposes of this Amended and Restated Certificate of Incorporation, the term "Whole Board" means the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SECTION 4.03. Election of Directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the Corporation. Unless required by the Bylaws, the election of the Board of Directors need not be by written ballot.

SECTION 4.04. Vacancies. Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board of Directors, may be filled only by vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

SECTION 4.05. Amendment of the Bylaws by the Board. The Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

ARTICLE V

Indemnification

SECTION 5.01. Right to Indemnification and Advancement. The Corporation shall indemnify (and advance expenses to) its officers and directors to the fullest extent permitted by the DGCL, as amended from time to time.

ARTICLE VI

Director Liability

SECTION 6.01. Waiver of Liability. A director of the Corporation shall not be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. Any amendment or modification or repeal of the foregoing sentence or of the DGCL shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification, or repeal. If the DGCL hereafter is amended to further eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DGCL.

ARTICLE VII

Registered Agent and Registered Office

SECTION 7.01. Registered Agent and Office. The name and street address of the registered agent at the Corporation's registered office are:

INCORP SERVICES, INC.
919 NORTH MARKET STREET, SUITE 950
WILMINGTON, NEW CASTLE COUNTY
DE, 19801

ARTICLE VIII

Quorum Requirement

SECTION 8.01. Quorum. The holders representing a majority of the combined voting power of the capital stock issued and outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum.

ARTICLE IX

Cumulative Voting

SECTION 9.01. No Cumulative Voting. No holder of any shares of any class of stock of the Corporation shall be entitled to cumulative voting rights in any circumstances.

ARTICLE X

Preemptive Rights

SECTION 10.01. No Preemptive Rights. No stockholder shall have any preemptive rights to acquire unissued shares of the Corporation or securities of the Corporation convertible into or carrying a right to subscribe to or acquire shares.

ARTICLE XI

Internal Corporate Claims

SECTION 11.01. Venue for Internal Corporate Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for all "internal corporate claims." "Internal corporate claims" mean claims, including claims in the right of the Corporation, (i) that are based upon a violation of a duty by a current or former director or officer or stockholder in such capacity or (ii) as to which Title 8 of the Delaware Code confers jurisdiction upon the Court of Chancery, except for, as to each of (i) through (ii) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article XI shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article XI (including, without limitation, each portion of any sentence of this Article XI containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

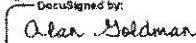
ARTICLE XII

Supermajority Provisions

SECTION 12.01. Amendment of the Certificate of Incorporation by Stockholders. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided, however, that, notwithstanding any other provision of the Amended and Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least fifty-one percent (51%) of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation inconsistent with Articles IV, V, XI and XII.

SECTION 12.02. Amendments to Bylaws by Stockholders. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the amendment of the Bylaws by the Corporation's stockholders shall require the affirmative vote of the holders of at least fifty-one percent (51%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 5th day of September, 2018.

By: 
Name: Alan Goldman
Title: Chief Financial Officer

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

EXP WORLD HOLDINGS, INC., a Delaware corporation (the “*Corporation*”), a corporation organized and existing under the General Corporation Law of the State of Delaware (the “*DGCL*”), does hereby certify as follow:

1. This Certificate of Amendment (the “*Certificate of Amendment*”) amends the provisions of the Corporation’s Certificate of Incorporation on file with the Secretary of State (as amended, the “*Charter*”).

2. This Amendment to the Charter (this “*Amendment*”) was duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Sections 242 and 228 of the DGCL.

3. This Amendment shall amend the Charter by deleting Section 3.01 of Article III in its entirety and replacing it as follows:

“SECTION 3.01 Amount. The total number of shares of stock which the Corporation has authority to issue is 900,000,000 shares, initially all of which are designated as Common Stock, par value of \$0.00001 per share (“Common Stock”).

4. All other provisions of the Certificate of Incorporation shall remain in full force and effect.

5. This Amendment shall be effective as of the date set forth below.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 20th day of May, 2021.

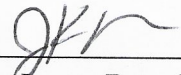
By: 
Name: James Bramble
Title: Chief Legal Counsel

EXHIBIT VII

AMENDED AND RESTATED BYLAWS OF EXP WORLD HOLDINGS, INC., AS AMENDED

**AMENDED AND RESTATED BYLAWS
OF
EXP WORLD HOLDINGS, INC.
ARTICLE I**

Meeting of Stockholders

Section 1.1. Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, as may be designated by resolution of the board of directors (the “Board of Directors”) of eXp World Holdings, Inc., a Delaware corporation (the “Corporation”) from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2. Special Meetings. Special meetings of stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Corporation’s certificate of incorporation, as amended, restated, supplemented or otherwise modified (the “Certificate of Incorporation”), may be called at any time by the Secretary pursuant to a resolution adopted by a majority of the Whole Board (as defined below). Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. For purposes of these Bylaws, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

Section 1.3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting as of the record date for determining the stockholders entitled to notice of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the records of the Corporation.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 1.5. Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of not less than a majority of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, then either (i) the chairperson of the meeting or (ii) a majority of the outstanding shares of stock present (in person or by proxy) and entitled to vote may adjourn the meeting from time to time in the manner provided in Section 1.4 of these Bylaws until a quorum shall attend.

Section 1.6. Organization. Meetings of stockholders shall be presided over by a Chairperson of the meeting designated by the Board of Directors or, in the absence of such designation, by a Chairperson chosen at the meeting by the stockholders. The Secretary shall act as secretary of the meeting, but in his or her absence the Chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7. Voting; Proxies. Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot. At meetings of stockholders for the election of directors at which a quorum is present where the number of director nominees is equal to the number of positions on the Board of Directors to be filled through election and proxies are solicited for such election of directors solely by the Corporation, the affirmative vote of a majority of the shares of stock of the Corporation which are voting in the election of directors shall be required to elect. In all other meetings of stockholders for the election of directors at which a quorum is present, a plurality of the votes cast shall be sufficient to elect. All other questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, be decided by the affirmative vote of the holders of a majority of the shares of stock of the Corporation which are voting on the matter.

Section 1.8. Fixing Date for Determination of Stockholders of Record.

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which shall not be more than sixty (60) days prior to such other action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.9. List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger shall prepare and make a complete list of the stockholders entitled to vote at the meeting (*provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely

by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

Section 1.10. Action by Written or Electronic Consent of Stockholders Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an office or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided, however if at any time Glenn Sanford and Penny Sanford no longer are the beneficial owners, in the aggregate, of at least a majority in voting power of all shares entitled to vote in the election of directors, then any action required or permitted to be taken by the holders of the Common Stock of the Corporation must be effected at a duly called annual or special meeting of such holders and may no longer be effected by any consent in writing by such holders.

Section 1.11. Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation or a subsidiary, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board of Directors, the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies, votes or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.12. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The

presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.13. Notice of Stockholder Business and Nominations.

(A) *Annual Meetings of Stockholders.*

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or any committee thereof or (c) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section 1.13 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.13.

(2) For any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 1.13, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business (other than the nominations of persons for election to the Board of Directors) must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting (*provided, however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of

capital stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Corporation, (v) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination, and (vii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder. The foregoing notice requirements of this Section 1.13 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as the Corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 1.13 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at the annual meeting is increased effective after the time period for which nominations would otherwise be due under paragraph (A)(2) of this Section 1.13 and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(B) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or any committee thereof or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 1.13 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 1.13. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Section 1.13 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) *General.*

(1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.13 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the

meeting in accordance with the procedures set forth in this Section 1.13. Except as otherwise provided by law, the Chairperson of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.13 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (A)(2)(c)(vi) of this Section 1.13) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 1.13, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.13, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.13, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 1.13, “public announcement” shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 1.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 1.13; *provided however*, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.13 (including paragraphs (A)(1)(c) and (B) hereof), and compliance with paragraphs (A)(1)(c) and (B) of this Section 1.13 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the penultimate sentence of (A)(2), business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 1.13 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (b) of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II

Board of Directors

Section 2.1. Number; Qualifications. Subject to the Certificate of Incorporation, the Board of Directors shall consist of not less than three members nor more than eleven members, the number thereof to be determined from time to time by resolution of the Whole Board. Directors need not be stockholders.

Section 2.2. Election; Resignation; Vacancies. All directors shall be elected for terms lasting until the next annual meeting of stockholders following their election, and until their successors are elected and qualified, subject to their earlier death, resignation or removal from the Board of Directors. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect when such notice is given unless the notice specifies (a) a later effective date, or (b) an effective date determined upon the happening of an event or events. Unless otherwise specified in the notice of resignation, the acceptance of such resignation shall not be necessary to make it effective. Unless otherwise provided by law or the Certificate of Incorporation, any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled only by the affirmative votes of a majority of the remaining members of the Board of Directors, although

such majority is less than a quorum, and each director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced or until his or her successor is elected and qualified.

Section 2.3. Removal. Any one or more or all of the directors may be removed, with or without cause, by the holders of at least a majority of the outstanding shares of capital stock then entitled to vote at an election of directors.

Section 2.4. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine.

Section 2.5. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by any two members of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting either by first class United States mail at least three days before such special meeting, or by overnight mail, courier service, electronic transmission, or hand delivery at least 48 hours before the special meeting or such shorter period as is reasonable under the circumstances.

Section 2.6. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.7. Quorum: Vote Required for Action. At all meetings of the Board of Directors the directors entitled to cast a majority of the votes of the Whole Board shall constitute a quorum for the transaction of business. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; *provided, however*, that in no case shall less than one-third (1/3) of the total number of directors constitute a quorum. Except in cases in which the Certificate of Incorporation, these Bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.8. Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board of Directors or, in his or her absence, by a Chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence, the Chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.9. Action by Unanimous Consent of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the board or committee in accordance with applicable law.

Section 2.10. Chairperson of the Board and Vice-Chairperson of the Board. The Board of Directors may elect one or more of its members to serve as Chairperson or Vice Chairperson of the Board and may fill any vacancy in such position at such time and in such manner as the Board of Directors shall determine. The Chairperson of the Board, if any, shall preside at all meetings of the Board of Directors at which he or she is present and shall perform such duties and possess such powers as are designated by the Board of Directors. If the Board of Directors appoints a Vice Chairperson of the Board, he or she shall, in the absence or disability of the Chairperson of the Board perform the duties and exercise the powers of the Chairperson of the Board and shall perform such other duties and possess such other powers as may from time to time be designated by the Board of Directors. The fact that a person serves as either Chairperson or Vice Chairperson of the Board shall not make such person considered an officer of the Corporation.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 3.2. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV

Officers

Section 4.1. Officers. The officers of the Corporation shall consist of a Chief Executive Officer, a Chief Financial Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may from time to time determine, which may include, without limitation, one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers. Each of the Corporation's officers shall be elected by the Board of Directors, each to have such authority, functions or duties as set forth in these Bylaws or as determined by the Board of Directors. Each officer shall be chosen by the Board of Directors and shall hold office for such term as may be prescribed by the Board of Directors and until such person's successor shall have been duly chosen and qualified, or until such person's earlier death, disqualification, resignation or removal.

Section 4.2. Removal, Resignation and Vacancies. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors, without prejudice to the rights, if any, of such officer under any contract to which it is a party. Any officer may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect when such notice is given unless the notice specifies (a) a later effective date, or (b) an effective date determined upon the happening of an event or events, such as the failure to receive the required vote for reelection as a director and the acceptance of such resignation by the Board of Directors. Unless otherwise specified in the notice of resignation, the acceptance of such resignation shall not be necessary to make it effective. If any vacancy occurs in any office of the Corporation, the Board of Directors may elect a successor to fill such vacancy for the remainder of the unexpired term and until a successor shall have been duly chosen and qualified.

Section 4.3. Chief Executive Officer. The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation and shall be responsible for corporate policy and strategy. Unless otherwise provided in these Bylaws or by the Board, all other officers of the Corporation shall report directly to the Chief Executive Officer. In the absence of a separately appointed President, the Chief Executive Officer shall be the President.

Section 4.4. President. The President shall perform such duties as the Board of Directors may from time to time determine. The President shall, when requested, counsel with and advise the other officers of the Corporation.

Section 4.5. Chief Operating Officer. The Chief Operating Officer shall be the chief operating officer of the Corporation, with general responsibility for the management and control of the operations of the Corporation and

shall perform such other duties as the Board of Directors may from time to time determine. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation.

Section 4.6. Chief Financial Officer. The Chief Financial Officer shall exercise all the powers and perform the duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital retained earnings, and shares. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors may from time to time determine. In the absence of a separately appointed Treasurer, the Chief Financial Officer shall be the Treasurer.

Section 4.7. Vice Presidents. The Vice President shall have such powers and duties as shall be prescribed by his or her superior officer or the Chief Executive Officer. A Vice President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors may from time to time determine.

Section 4.8. Treasurer. The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation, the deposit of all moneys and other valuables to the credit of the Corporation in depositories of the Corporation, borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party, the disbursement of funds of the Corporation and the investment of its funds, and in general shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors may from time to time determine.

Section 4.9. Secretary. The secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the president. The secretary shall keep in safe custody the seal of the Corporation and have authority to affix the seal to all documents requiring it and attest to the same.

Section 4.10. Additional Matters. The Chief Executive Officer and the Chief Financial Officer of the Corporation shall have the authority to designate employees of the Corporation to have the title of Assistant Vice President, Assistant Treasurer or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. The persons upon whom such titles are conferred shall not be deemed officers of the Corporation unless elected by the Board of Directors.

Section 4.11. Execution of Contracts and Instruments. All contracts, deeds, mortgages, bonds, certificates, checks, drafts, bills of exchange, notes and other instruments or documents to be executed by or in the name of the Corporation shall be signed on the corporation's behalf by such officer or officers, or other person or persons, as may be so authorized (i) by the Board of Directors, or (ii) subject to such limitations, if any, as the Board of Directors may impose, by the Chief Executive Officer. Such authority may be general or confined to specific instances and, if the Board of Directors or Chief Executive Officer (whichever grants authority) so authorizes or otherwise directs, may be delegated by the authorized officers to other persons. Unless otherwise provided in such resolution, any resolution of the Board of Directors or a committee thereof authorizing the Corporation to enter into any such instruments or documents or authorizing their execution by or on behalf of the Corporation shall be deemed to authorize the execution thereof on its behalf by the Chief Executive Officer, the President, Chief Financial Officer or any Vice President (an "Authorized Officer"). Furthermore, each Authorized Officer shall be authorized to enter into any contract or execute any instrument in the name of and on behalf of the Corporation in matters arising in the ordinary course of the Corporation's business and to the extent incident to the normal performance of such Authorized Officer's duties.

ARTICLE V

Stock

Section 5.1. Certificates. The shares of the Corporation may be certificated or uncertificated in accordance with the Delaware General Corporation Law and shall be entered in the books of the Corporation and registered as they are issued. The issue of shares in uncertificated form shall not affect shares represented by a certificate until the certificate is surrendered to the Corporation. Any certificates representing shares of the Corporation's stock shall be in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by such stockholder in the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by any two authorized officers of the Corporation certifying the number of shares owned by such holder in the Corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue (i) a new certificate of stock or (ii) uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

Indemnification and Advancement of Expenses

Section 6.1. Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.3, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the Corporation.

Section 6.2. Prepayment of Expenses. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3. Claims. If a claim for indemnification (following the final disposition of such proceeding) or advancement of expenses under this Article VI is not paid in full within thirty (30) days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 6.4. Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VI shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5. Other Sources. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 6.6. Amendment or Repeal. Any right to indemnification or to advancement of expenses of any Covered Person arising hereunder shall not be eliminated or impaired by an amendment to or repeal of these Bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 6.7. Other Indemnification and Advancement of Expenses. This Article VI shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

ARTICLE VII

Miscellaneous

Section 7.1. Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 7.2. Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3. Method of Notice. Whenever notice is required by law, the Certificate of Incorporation or these Bylaws to be given by the Corporation to any director, committee member or stockholder, personal notice shall not be required and any such notice may be given in writing (a) by mail, addressed to such director, committee member or stockholder at his or her address as it appears on the books of the Corporation, or (b) by any other method permitted by law (including, but not limited to, overnight courier service, facsimile, electronic mail or other means of electronic transmission) directed to the addressee at his, her or its address most recently provided to the Corporation. Any notice given by the Corporation by mail shall be deemed to have been given at the time when deposited in the United States mail. Any notice given by the Corporation by overnight courier service shall be deemed to have been given when delivered to such service. Any notice given by the Corporation by facsimile, electronic mail or other means of electronic transmission that generally can be accessed by or on behalf of the receiving party at substantially the same time as it is transmitted shall be deemed to have been given when transmitted, unless the Corporation receives a prompt reply that such transmission is undeliverable to the address to which it was directed.

Section 7.4. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.5. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in

the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

Section 7.6. Amendment of Bylaws. Subject to any additional votes set forth in the Certificate of Incorporation or these Bylaws, these Bylaws may be amended or repealed or new Bylaws may be adopted by the stockholders or by the Board of Directors. Notwithstanding any provision of these Bylaws, the Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, the amendment or repeal of all or any portion of Articles I, II, VI, VIII or this Section 7.6 by the stockholders of the Corporation shall require the affirmative vote of the holders of at least fifty-one percent (51%) of the then outstanding shares of capital stock entitled to vote generally in the election of directors.

Section 7.7. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 7.8. Facsimile Signature. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.