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 June 30, 2022

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	**98-0681092**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2219 Rimland Drive, Suite 301, Bellingham, WA	**98226**
(Address of principal executive offices)	(Zip Code)

(360) 685-4206

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	(Trading Symbol)	(Name of each exchange on which registered)
Common Stock, $0.00001 par value per share	**EXPI**	**NASDAQ**

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 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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ **No ☒**

There were 151,798,879 shares of the registrant's Common Stock, $0.00001 par value, outstanding as of June 30, 2022.

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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, 2021.

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)

	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 134,898	$ 108,237
Restricted cash	105,883	67,673
Accounts receivable, net of allowance for credit losses of $2,806 and $2,198, respectively	154,997	133,489
Prepaids and other assets	7,822	9,916
TOTAL CURRENT ASSETS	403,600	319,315
Property, plant, and equipment, net	19,906	15,902
Operating lease right-of-use assets	2,265	2,482
Other noncurrent assets	1,943	2,827
Intangible assets, net	7,071	7,528
Deferred tax assets	59,719	52,827
Goodwill	12,945	12,945
TOTAL ASSETS	$ 507,449	$ 413,826
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 5,971	$ 7,158
Customer deposits	93,566	67,673
Accrued expenses	147,393	111,672
Current portion of lease obligation - operating lease	213	311
TOTAL CURRENT LIABILITIES	247,143	186,814
Long-term payable	2,714	2,714
Long-term lease obligation - operating lease, net of current portion	720	765
TOTAL LIABILITIES	250,577	190,293
EQUITY		
Common Stock, $0.00001 par value 900,000,000 shares authorized; 163,286,570 issued and 151,798,879 outstanding in 2022; 155,516,284 issued and 148,764,592 outstanding in 2021	2	1
Additional paid-in capital	509,476	401,479
Treasury stock, at cost: 11,487,691 and 6,751,692 shares held, respectively	(289,829)	(210,009)
Accumulated earnings	37,007	30,510
Accumulated other comprehensive income (loss)	(953)	188
Total eXp World Holdings, Inc. stockholders' equity	255,703	222,169
Equity attributable to noncontrolling interest	1,169	1,364
TOTAL EQUITY	256,872	223,533
TOTAL LIABILITIES AND EQUITY	$ 507,449	$ 413,826

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXP WORLD HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except share amounts and per share data)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 1,415,060	$ 999,887	$ 2,425,791	$ 1,583,720
Operating expenses				
Commissions and other agent-related costs	1,307,810	$ 919,970	2,235,077	$ 1,450,317
General and administrative expenses	91,391	60,721	166,713	107,021
Sales and marketing expenses	4,210	2,683	7,910	4,940
Total operating expenses	1,403,411	983,374	2,409,700	1,562,278
Operating income	11,649	16,513	16,091	21,442
Other (income) expense				
Other (income) expense, net	62	54	472	(80)
Equity in losses of unconsolidated affiliates	567	1	884	7
Total other (income) expense, net	629	55	1,356	(73)
Income before income tax expense	11,020	16,458	14,735	21,515
Income tax (benefit) expense	1,661	(20,585)	(3,488)	(20,374)
Net income	9,359	37,043	18,223	41,889
Net income attributable to noncontrolling interest	-	7	18	7
Net income attributable to eXp World Holdings, Inc.	$ 9,359	$ 37,050	$ 18,241	$ 41,896
Earnings per share				
Basic	$ 0.06	$ 0.25	$ 0.12	$ 0.29
Diluted	$ 0.06	$ 0.24	$ 0.12	$ 0.27
Weighted average shares outstanding				
Basic	150,783,418	145,584,495	150,049,170	144,973,139
Diluted	155,816,038	157,288,672	156,579,590	158,096,735
Comprehensive income:				
Net income	$ 9,359	$ 37,043	$ 18,223	$ 41,889
Comprehensive loss attributable to noncontrolling interests	-	7	18	7
Net income attributable to eXp World Holdings, Inc.	9,359	37,050	18,241	41,896
Other comprehensive income:				
Foreign currency translation gain (loss), net of tax	(1,182)	24	(1,141)	71
Comprehensive income attributable to eXp World Holdings, Inc.	$ 8,177	$ 37,074	$ 17,100	$ 41,967

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Common stock:				
Balance, beginning of period	$ 2	$ 1	$ 1	$ 1
Agent equity stock compensation	-	-	1	-
Balance, end of period	2	1	2	1
Treasury stock:				
Balance, beginning of period	(239,965)	(72,003)	(210,009)	(37,994)
Repurchases of common stock	(49,864)	(54,903)	(79,820)	(88,912)
Balance, end of period	(289,829)	(126,906)	(289,829)	(126,906)
Additional paid-in capital:				
Balance, beginning of period	450,570	248,634	401,479	218,492
Shares issued for stock options exercised	280	384	778	1,757
Agent growth incentive stock compensation	6,685	4,438	13,268	8,694
Agent equity stock compensation	48,335	38,451	86,835	59,853
Stock option compensation	3,606	3,128	7,116	6,239
Balance, end of period	509,476	295,035	509,476	295,035
Accumulated earnings (deficit):				
Balance, beginning of period	33,533	(34,316)	30,510	(39,162)
Net income	9,359	37,050	18,241	41,896
Dividends declared and paid	(5,885)	-	(11,744)	-
Balance, end of period	37,007	2,734	37,007	2,734
Accumulated other comprehensive income (loss):				
Balance, beginning of period	229	294	188	247
Foreign currency translation gain (loss)	(1,182)	24	(1,141)	71
Balance, end of period	(953)	318	(953)	318
Noncontrolling interest:				
Balance, beginning of period	1,169	1,003	1,364	1,003
Net loss	-	(7)	(18)	(7)
Transactions with noncontrolling interests	-	19	(177)	19
Balance, end of period	1,169	1,015	1,169	1,015
Total equity	$ 256,872	$ 172,197	$ 256,872	$ 172,197

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)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
OPERATING ACTIVITIES		
Net income	$ 18,223	$ 41,889
Reconciliation of net income to net cash provided by operating activities:		
Depreciation expense	3,570	2,196
Amortization expense - intangible assets	817	621
Loss on dissolution of consolidated affiliates	361	-
Allowance for credit losses on receivables/bad debt on receivables	608	(208)
Equity in loss of unconsolidated affiliates	884	7
Agent growth incentive stock compensation expense	17,028	11,312
Stock option compensation	7,121	6,239
Agent equity stock compensation expense	86,835	59,853
Deferred income taxes, net	(6,892)	(15,329)
Changes in operating assets and liabilities:		
Accounts receivable	(22,269)	(57,095)
Prepaids and other assets	2,236	(4,466)
Customer deposits	25,893	65,981
Accounts payable	(1,152)	2,354
Accrued expenses	31,961	54,231
Long term payable	-	(160)
Other operating activities	74	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	165,298	167,425
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(8,077)	(5,609)
Acquisition of businesses	-	(1,500)
NET CASH USED IN INVESTING ACTIVITIES	(8,077)	(7,109)
FINANCING ACTIVITIES		
Repurchase of common stock	(79,820)	(88,912)
Proceeds from exercise of options	780	1,757
Transactions with noncontrolling interests	(425)	19
Dividends declared and paid	(11,744)	-
NET CASH USED IN FINANCING ACTIVITIES	(91,209)	(87,136)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1,141)	71
Net change in cash, cash equivalents and restricted cash	64,871	73,251
Cash, cash equivalents and restricted cash, beginning balance	175,910	127,924
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING BALANCE	$ 240,781	$ 201,175
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for income taxes	$ 2,444	$ 702
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Termination of lease liabilities	$ -	$ 120
Property, plant and equipment purchases in accounts payable	246	7

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. ("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 and is rapidly expanding 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. Through various operating subsidiaries, the Company primarily operates a cloud-based real estate brokerage operating throughout the United States, most of the Canadian provinces, the United Kingdom (U.K.), Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, The Dominican Republic, Greece, and New Zealand.

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, 2021, filed with the SEC on February 25, 2022 ("2021 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. Operating results for the three and six month periods ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying condensed 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

When necessary, the Company will reclassify certain amounts in prior-period financial statements to conform to the current period's presentation. No 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. Restricted cash also includes cash held in escrow for acquisitions.

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, 2020	$ 100,143	$ 27,781	$ 127,924
Balance, June 30, 2021	$ 107,413	$ 93,762	$ 201,175
Balance, December 31, 2021	$ 108,237	$ 67,673	$ 175,910
Balance, June 30, 2022	$ 134,898	$ 105,883	$ 240,781

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 November 2021, the FASB issued ASU 2021-08 – *Business Combinations* (Topic 805) ("ASU 2021-08"). ASU 2021-08 addresses diversity and inconsistencies related to the recognition and measurement of contract assets and contract liabilities acquired in a business combination. The amendments in this update require that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. This update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments in this update should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company has reviewed the amendments of ASU 2021-08 and will apply the guidance upon its effective date should the Company have future business combinations.

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. As of the first quarter of 2022, the Company provided an allowance for potential credit losses of real estate transactions.

The Company analyzed uncollectible accounts for the three categories of receivables. Receivables from real estate property settlements totaled $147,824 and $128,499 of which the Company recognized expected credit losses of $904 and nil, respectively as of June 30, 2022 and December 31, 2021. As of June 30, 2022 and December 31, 2021 agent non-commission based fees receivable and short-term advances totaled $9,979 and $7,188, of which the Company recognized expected credit losses of $1,902 and $2,198, 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 six months ended June 30, 2022 and the year ended December 31, 2021.

4. PLANT, PROPERTY AND EQUIPMENT, NET

Plant, property and equipment, net consisted of the following:

	June 30, 2022	December 31, 2021
Computer hardware and software	$ 30,200	$ 20,824
Furniture, fixture, and equipment	26	26
Total depreciable property and equipment	30,226	20,850
Less: accumulated depreciation	(15,270)	(11,711)
Depreciable property, net	14,956	9,139
Assets under development	4,950	6,763
Property, plant, and equipment, net	$ 19,906	$ 15,902

For the three months ended June 30, 2022 and 2021, depreciation expense was $1,954 and $1,189, respectively. For the six months ended June 30, 2022 and 2021, depreciation expense was $3,570 and $2,196, respectively.

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill was $12,945 as of June 30, 2022 and December 31, 2021. 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 and six months ended June 30, 2022, no events occurred that indicated it was more likely than not that goodwill was impaired.

Definite-lived intangible assets were as follows:

	June 30, 2022			December 31, 2021		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 2,868	($ 697)	$ 2,171	$ 2,868	($ 554)	$ 2,314
Existing technology	2,204	(1,643)	561	1,846	(1,102)	744
Non-competition agreements	125	(125)	-	125	(125)	-
Customer relationships	1,895	(456)	1,439	1,895	(361)	1,534
Licensing agreement	210	(146)	64	210	(110)	100
Intellectual property	2,836	-	2,836	2,836	-	2,836
Total intangible assets	$ 10,138	($ 3,067)	$ 7,071	$ 9,780	($ 2,252)	$ 7,528

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 June 30, 2022 and 2021 was $475 and $318, respectively. Amortization expense for definite-lived intangible assets for the six months ended June 30, 2022 and 2021 was $817 and $621, 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Other information				
Operating lease expense	$ 97	$ 84	$ 206	$ 202
Short-term lease expense	260	10	282	26
Cash paid for operating leases	60	84	131	202
Weighted-average remaining lease term (years) – operating leases [(1)]	7.3	3.6	7.3	3.6
Weighted-average discount rate – operating leases	5.061%	4.855%	5.061%	4.855%

(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 June 30, 2022, expirations of lease obligations by fiscal year were as follows:

Period Ending December 31,	
Remaining 2022	$ 178
2023	155
2024	90
2025	90
2026	90
2027 and thereafter	405
Total lease payments	1,008
Less: interest	(75)
Total operating lease liabilities	$ 933

7. STOCKHOLDERS' EQUITY

The following table represents a share reconciliation of the Company's common stock issued for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Shares of Common Stock)	2022	2021	2022	2021
Common stock:				
Balance, beginning of quarter	158,300,605	147,934,768	155,516,284	146,677,786
Shares issued for stock options exercised	639,861	1,797,132	1,363,055	2,344,908
Agent growth incentive stock compensation	403,652	339,904	914,324	625,026
Agent equity stock compensation	3,942,452	1,075,182	5,492,907	1,499,266
Balance, end of quarter	163,286,570	151,146,986	163,286,570	151,146,986

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 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 June 30, 2022 and 2021, the Company issued 3,942,452 and 1,075,182 shares of common stock, respectively, to agents and brokers with a value of $48,335 and $38,451, respectively, inclusive of discount. During the six months ended June 30, 2022 and 2021, the Company issued 5,492,907 and 1,499,266 shares of common stock, respectively, to agents and brokers with a value of $86,835 and $59,853, 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 six months ended June 30, 2022, the Company's stock compensation expense attributable to the Agent Growth Incentive Program was $17,028 of which the total amount of stock compensation expense attributable to liability classified awards was $4,451. 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.

The following table illustrates changes in the Company's stock compensation liability for the periods presented:

	Amount
Stock grant liability increase at December 31, 2021	$ 4,341
Stock grant liability increase year to date	4,451
Stock grants reclassified from liability to equity year to date	(691)
Balance, June 30, 2022	$ 8,101

Stock Option Awards

During the three months ended June 30, 2022, and 2021, the Company granted 288,007 and 66,739 stock options, respectively, to employees with an estimated grant date fair value of $11.64 and $26.77 per share, respectively. During the six months ended June 30, 2022 and 2021, the Company granted 772,385 and 194,004 stock options, respectively, to employees with an estimated grant date fair value of $13.24 and $24.80 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.

Repurchase Plan Amendment

On May 3, 2022, the Board authorized an increase to the Company's stock repurchase program from $400 million of its common stock up to $500 million and approved a form of amendment to its Issuer Repurchase Plan, dated January 10, 2022, by and between the Company and Stephens Inc., to increase monthly repurchases from $10 million of its common stock per month up to $20 million which amendment was signed May 6, 2022.

For accounting purposes, common stock repurchased under the stock repurchase programs is recorded based upon the transaction 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 June 30,		Six Months Ended June 30,	
(Shares of Treasury Stock)	2022	2021	2022	2021
Treasury stock:				
Balance, beginning of quarter	7,883,740	3,035,404	6,751,692	2,534,494
Repurchases of common stock	3,603,951	1,689,892	4,735,999	2,190,802
Balance, end of quarter	11,487,691	4,725,296	11,487,691	4,725,296

8. EARNINGS PER SHARE

Basic earnings per share is computed based on net income 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 following table sets forth the calculation of basic and diluted earnings per share attributable to common stock during the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net income attributable to common stock	$ 9,359	$ 37,050	$ 18,241	$ 41,896
Denominator:				
Weighted average shares - basic	150,783,418	145,584,495	150,049,170	144,973,139
Dilutive effect of common stock equivalents	5,032,620	11,704,177	6,530,420	13,123,596
Weighted average shares - diluted	155,816,038	157,288,672	156,579,590	158,096,735
Earnings per share:				
Earnings per share attributable to common stock- basic	$ 0.06	$ 0.25	$ 0.12	$ 0.29
Earnings per share attributable to common stock- diluted	$ 0.06	$ 0.24	$ 0.12	$ 0.27

For the three months ended June 30, 2022 and 2021 total outstanding shares of common stock excluded 1,485,139 and 152,950 shares, respectively, from the computation of diluted earnings per share because their effect would have been anti-dilutive.

For six months ended June 30, 2022 and 2021 total outstanding shares of common stock excluded 692,237 and 62,889 shares, respectively, from the computation of diluted earnings per share because their effect would have been anti-dilutive.

9. 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 plus discrete tax items arising in the period. Our provision for (benefit from) income taxes amounted to ($3.49) million and ($20.4) million for the six months ended June 30, 2022 and 2021, respectively, which represent an effective tax rates of negative 23.81% and 95.1%, respectively. The decrease in income tax benefit was primarily attributable to the release of valuation allowance in 2021 and lower deductible stock based compensation in 2022.

10. 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 June 30, 2022 and December 31, 2021, the fair value of the Company’s money market funds was $43,423 and $43,386, 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.

11. 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.

On November 19, 2021, the Company agreed to settle a class action lawsuit filed against the Company in 2018 alleging violations under the Telephone Consumer Protection Act. Pursuant to the proposed settlement agreement terms, the Company will grant certain monetary and non-monetary settlements. The Company decided to set aside provisions at the amount of $10.0 million to cover current estimated settlement fees and costs. The settlement agreement terms remain subject to judicial review and approval.

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.

In March and April 2022, an indirect subsidiary and unconsolidated joint venture of the Company, SUCCESS Lending, entered into Mortgage Warehouse Agreements and related ancillary agreements (the “Credit Agreements”) with Flagstar Bank FSB and Texas Capital Bank, which each provide SUCCESS Lending with a revolving warehouse credit line of up to $25 million. It is customary for mortgage businesses like SUCCESS Lending to obtain warehouse credit lines in order to enable them to close and fund residential mortgage loans for subsequent sale to investors. SUCCESS Lending will use the borrowing capacity under the Credit Agreements exclusively for such purposes and borrowings will generally be repaid with the proceeds received from the sale of mortgage loans.

In connection with the Credit Agreements, the Company has entered into Capital Maintenance Agreements with each of Flagstar Bank FSB and Texas Capital Bank whereby the Company agrees to provide certain funds necessary to ensure that SUCCESS Lending is at all times in compliance with its financial covenants under the Credit Agreements. The Company’s capital commitment liability under the Capital Maintenance Agreement with Flagstar Bank FSB is limited to $2.0 million. The Company’s capital commitment liability under the Capital Maintenance Agreement with Texas Capital Bank is limited to $1.25 million. The Credit Agreements represent off-balance sheet arrangements for the Company.

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 99.1% and 99.5% of the total revenue of the Company for the six months ended June 30, 2022 and 2021, respectively. The real estate brokerage business represents 96.8% and 99.0% of the total assets of the Company as of June 30, 2022 and December 31, 2021, 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 or total assets as of June 30, 2022 and 2021, respectively.

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 three years, the Company expanded operations into the United Kingdom, Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, and New Zealand.

The Company’s management analyzes geographical locations on a forward-looking basis to identify growth opportunities. For both the six months ended June 30, 2022 and 2021, approximately 9%, respectively, of the Company’s total revenue was generated outside of the U.S. Assets held outside of the U.S. were 8% as of June 30, 2022 and December 31, 2021

The Company’s technology services and affiliated services are currently provided primarily in the U.S.

13. SUBSEQUENT EVENTS

Quarterly Cash Dividend

On July 29, 2022, the Company's Board of Directors declared a dividend of $0.045 per share which is expected to be payable on August 29, 2022, to stockholders of record as of the close of business on August 12, 2022. The ex-dividend date is expected to be August 11, 2022. The dividend will be paid in cash.

Zoocasa Acquisition

On July 1, 2022, the Company acquired Zoocasa Realty Inc. and its key property, Zoocasa.com ("Zoocasa"). Zoocasa is a consumer real estate search portal that offers proprietary home search tools, market insights and a connection to local real estate experts. The acquisition expanded the Company's online lead generation, home search and listings portal capabilities for its agents and brokers as well as for home buying and selling consumers across North America.

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 2021 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, technology 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 model, 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 North America and certain international markets by increasing our independent agent and broker network. 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 associated businesses.

Throughout 2021, and during the first half of 2022, we continued to make progress in achieving our strategic goals, including a 42% increase in our agent count, going from 58,263 agents as of June 30, 2021 to 82,856 agents as of June 30, 2022. 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 higher 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 June 30, 2022, the effects of the COVID-19 pandemic on business worldwide have lessened, however the global economy continues to recover from and adapt to the COVID-19 pandemic. As COVID-19 continues to be contained and the impact of the pandemic wanes, the economy is expected to rebound as public health restrictions on businesses and individuals are lifted and as people become comfortable engaging in public activities.

According to the National Association of Realtors (“NAR”), as of 2021, the housing market was the strongest it had been in 15 years, however during the first six months of 2022, activity in the housing market has slowed. Due to a rise in interest rates and home prices in a short span of time, housing affordability continues to impact potential home buyers. According to the NAR housing statistics, existing home sales, adjusted for seasonality, further decreased in June 2022 to an adjusted annual rate of 5.1 million, down 14.2% from one year ago while the median home sale price increased to $416.0 (preliminary), or 13.4% from June 2021. As of June 30, 2022, housing inventory increased to 1.26 million, a 3.0-month supply, compared to a 2.5-month supply a year ago. The NAR reported that pending home sales declined 8.6% from May to June. Year over year, however, contract activity has also decreased, primarily related to rising interest rates. The pending home sales index measures housing contract activity and is based on signed real estate contracts for existing single-family homes and condos.

The Company is positioned to grow during fluctuations in economic activity. The Company continued its growth trajectory during the first six months of 2022 with a year-over-year increase in revenue of 53% and an increase in agent count of 42%. However, the Company continues to monitor the overall economic climate, specifically in key areas of operations, affecting the real estate market through the end of 2022.

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 during fluctuations in economic activity.

National Housing Inventory

Throughout 2022, increased mortgage interest rates and higher home prices have caused inventory levels to rise. Construction of new homes continues to slow also due to rising mortgage rates, and the strained availability of labor and materials. Despite these factors, and others, year-over-year inventory has increased. According to NAR, inventory of existing homes for sale in the U.S. was 1.3 million as of June 2022 (preliminary) compared to 1.2 million at the end of June 2021.

Mortgage Interest Rates

The sharp increase in mortgage rates have begun to negatively impact the demand for homebuying. As stated in a recent NAR publication, the average rate for a 30-year, conventional, fixed rate mortgage was 5.5% in June vs 3.0% in all of 2021 based on Freddie Mac data.

Housing Affordability Index

According to NAR, the composite housing affordability index decreased to 102.5 for May 2022 (preliminary) from 148.2 for May 2021. The housing affordability index levels are continuing to decline. 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% down payment and ability to qualify for a mortgage. The favorable housing affordability index has been declining over the last several months due to increasing mortgage rates and low inventory levels driving increases in the average home price.

Home Sales Transactions

According to NAR, seasonally adjusted existing home sale transactions decreased to an annual rate of 5.1 million in June 2022 (preliminary) compared to 6.0 million for 2021.

According to NAR, the nationwide existing home sales median price for June 2022 (preliminary) was $416.0 compared to $367.0 in June 2021. This marks 124 consecutive months of year-over-year increases, the longest-running streak on record.

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except transactions and agent count)			
Performance:				
Agent count	82,856	58,263	82,856	58,263
Transactions	150,032	115,431	264,337	189,309
Volume	$ 57,894,767	$ 40,117,368	$ 99,274,268	$ 64,625,224
Revenue	$ 1,415,060	$ 999,887	$ 2,425,791	$ 1,583,720
Gross profit	107,250	79,917	190,714	133,403
Gross margin (%)	7.6%	8.0%	7.9%	8.4%
Adjusted EBITDA[1]	26,914	26,988	44,627	41,810

(1) Adjusted EBITDA is not a measurement of our financial performance under generally accepted accounting principles in the U.S. 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 buyers 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. During 2020 and 2021, we expanded operations to the South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama and Germany. In 2022, the Company has expanded into The Dominican Republic, Greece, and New Zealand. 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 macroeconomic factors affecting the real estate industry in general. With our unique business model, we anticipate being able to continue to grow for the remainder of the year, despite the less favorable economic outlook.

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 NAR, as disproportionate variances are representative of company-specific improvements or shortfalls to the norm. Our home sale transaction growth was directly related to the growth of our agent base over the prior comparative period.

We utilize gross profit and gross margin, 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 profit is calculated from U.S. GAAP reported amounts and equals the difference between revenue and cost of sales. Gross margin is the calculation of 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 profit is based on the information provided in our results of operations or our consolidated statements of comprehensive income and is an important measure of our potential profitability and brokerage performance. For the three months ended June 30, 2022 and 2021, gross profit was $107.3 million, and $79.9 million, respectively. For the three months ended June 30, 2022, and 2021, gross margin was 7.6% and 8.0%, respectively. For the six months ended June 30, 2022 and 2021, gross profit was $190.7 million, and $133.4 million, respectively. For the six months ended June 30, 2022, and 2021, gross margin was 7.9% and 8.4%, respectively. For the three months and six months ended June 30, 2022, gross profit increased year-over-year due to significant revenue growth related to increases in real estate transactions. However, for the three months and six months ended June 30, 2022, gross margin decreased year-over-year primarily due to rising home prices and increased demand which resulted in agents reaching their commission capping requirements sooner, entitling them to a higher percentage of the home sale commission.

Management also reviews Adjusted EBITDA, which is a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. Adjusted EBITDA has grown significantly for the six months ended June 30, 2022 compared to the same period in 2021 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

In 2020, the Company continued its international expansion into France, India, Mexico, Portugal and South Africa. Throughout 2021, the Company initiated operations in Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama and Germany. During the first and second quarter of 2022 we have commenced operations in The Dominican Republic, Greece, and New Zealand. The Company continues to pursue growth opportunities into new global markets. In addition to the international expansion, the Company 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’ experiences. 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. An NPS above 50 is considered excellent. The Company’s agent NPS was 68 in the second quarter of 2022. 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.

The NPS measure is an important vehicle for delivering on our core value 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 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. Under our equity incentive program, agents and brokers who qualify may be issued awards of 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 level 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 at a discount.

Technology Products and Services

We continue developing the core Virbela enterprise metaverse technology through our subsidiary, eXp World Technologies, LLC (“World Tech”), to accommodate for the increasing use and scale required to support all eXp subsidiaries and a growing number of enterprise customers worldwide. Virbela has seen increased interest from Fortune 2000 enterprises looking to become both customers and partners as they invest in metaverse technologies and build out their own strategies. Enterprise readiness was a core product focus in 2021 (e.g., scale, reliability, security, and privacy). In 2021, Virbela also released a new product called Frame into beta. Frame is a metaverse collaboration technology that is accessible from any device with a browser (e.g., mobile, personal computer, virtual reality device, tablet). In 2022, we expect to continue to service existing and new business-to-business enterprise level contracts, solidify channel partnerships, and bring the Frame product out of beta.

Affiliate and Media Services

Acquisitions and partnerships have allowed us to begin offering to customers more products and services complementary to our real estate brokerage business. These affiliate and media 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 2022; however, actual performance will depend largely on utilization by eXp and non eXp Realty agents.

In July of 2021, the Company formed SUCCESS Lending, LLC ("SUCCESS Lending") a residential lending joint venture with Kind Partners, LLC, a subsidiary of Kind Lending, LLC. With the formation of SUCCESS Lending, the Company intends to provide more enhanced mortgage services and products to customers.

Results of Operations

Three Months Ended June 30, 2022 compared to the Three Months Ended June 30, 2021

	Three Months Ended June 30, 2022	% of Revenue	Three Months Ended June 30, 2021	% of Revenue	Change 2022 vs. 2021 $	%
	(In thousands, except share amounts and per share data)					
Statement of Operations Data:						
Revenues	$ 1,415,060	100%	$ 999,887	100%	$ 415,173	42%
Operating expenses						
Commissions and other agent-related costs	1,307,810	92%	919,970	92%	387,840	42%
General and administrative expenses	91,391	6%	60,721	6%	30,670	51%
Sales and marketing expenses	4,210	-%	2,683	-%	1,527	57%
Total operating expenses	1,403,411	99%	983,374	98%	420,037	43%
Operating income	11,649	1%	16,513	2%	(4,864)	(29)%
Other expense						
Other (income) expense, net	62	-%	54	-%	8	15%
Equity in losses of unconsolidated affiliates	567	-%	1	-%	566	56600%
Other expense, net	629	-%	55	-%	574	1044%
Income before income tax expense	11,020	1%	16,458	2%	(5,438)	(33)%
Income tax (benefit) expense	1,661	-%	(20,585)	(2)%	22,246	(108)%
Net income	9,359	1%	37,043	4%	(27,684)	(75)%
Add back: Net loss attributable to noncontrolling interest	-	-%	7	-%	(7)	(100)%
Net income attributable to eXp World Holdings, Inc.	9,359	1%	37,050	4%	(27,691)	(75)%
Adjusted EBITDA[(1)]	$ 26,914	2%	$ 26,988	3%	($ 74)	-%
Earnings per share						
Basic	$ 0.06		$ 0.25		($ 0.19)	(76)%
Diluted	$ 0.06		$ 0.24		($ 0.18)	(75)%
Weighted average shares outstanding						
Basic	150,783,418		145,584,495			
Diluted	155,816,038		157,288,672			

(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 $1,415.1 million for the three months ended June 30, 2022 compared to $999.9 million for the same period in 2021, an increase of $415.2 million, or 42%. Total revenues increased for the second quarter of 2022 primarily as a result of an increase in real estate brokerage commissions, which is directly attributable to increases in our agent count, closed transactions and rising home price compared to the same period in 2021.

Commission and Other Agent Related Costs

Commission and other agent-related costs were $1,307.8 million for the three months ended June 30, 2022 compared to $920.0 million for the same period in 2021, an increase of $387.8 million, or 42%. Commissions and other agent related costs increased as a result of an increase in our agent count and closed transactions compared to the same period in 2021. Rising home prices and increased demand also contributed to agents reaching their commission capping requirements sooner, entitling them to a higher percentage of the home sale commission.

General and Administrative Expense

General and administrative expenses were $91.4 million for the three months ended June 30, 2022 compared to $60.7 million for the same period in 2021, an increase of $30.7 million or 51%. 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 $19.6 million in compensation and personnel related expenses including salaries, employee benefits, and payroll taxes and, an increase of $3.9 million in expenses, primarily driven by agent related seminars and conferences, an increase of $1.7 million in computer and software expenses, and an increase of $3.9 million in stock compensation expense. These increased costs are a result of the Company's growth in agent count and real estate transaction volumes, and the investment in employees and technology to support continued growth.

Sales and Marketing

Sales and marketing expenses increased to $4.2 million for the three months ended June 30, 2022 compared to $2.7 million the same period in 2021. The increase of $1.5 million is due to increased advertising as we continue to expand our real estate operations and software services.

Other Expense

There were no significant changes in other expense for the three months ended June 30, 2022 compared to the same period in 2021.

Income Tax Benefit (Expense)

The Company's provision for income taxes amounted to $1.66 million expense and ($20.6) million benefit for the three months ended June 30, 2022 and 2021, respectively, which represent an effective tax rates of positive 15.16% and negative 125.8%, respectively. The decrease in income tax benefit was primarily attributable to release of the valuation allowance in 2021.

Six Months Ended June 30, 2022 compared to the Six Months Ended June 30, 2021

	Six Months Ended June 30, 2022	% of Revenue	Six Months Ended June 30, 2021	% of Revenue	Change 2022 vs. 2021 $	%
	(In thousands, except share amounts and per share data)					
Statement of Operations Data:						
Revenues	$ 2,425,791	100%	$ 1,583,720	100%	$ 842,071	53%
Operating expenses						
Commissions and other agent-related costs	2,235,077	92%	1,450,317	92%	784,760	54%
General and administrative expenses	166,713	7%	107,021	7%	59,692	56%
Sales and marketing expenses	7,910	-%	4,940	-%	2,970	60%
Total operating expenses	2,409,700	99%	1,562,278	99%	847,422	54%
Operating income	16,091	1%	21,442	1%	(5,351)	(25)%
Other (income) expense, net	472	-%	(80)	-%	552	(690)%
Equity in losses of unconsolidated affiliates	884	-%	7	-%	877	12529%
Total other (income) expense, net	1,356	-%	(73)	-%	1,429	(1,958)%
Income before income tax expense	14,735	1%	21,515	1%	(6,780)	(32)%
Income tax (benefit) expense	(3,488)	-%	(20,374)	(1)%	16,886	(83)%
Net income	18,223	1%	41,889	3%	(23,666)	(56)%
Add back: Net loss attributable to noncontrolling interest	18	-%	7	-%	11	157%
Net income attributable to eXp World Holdings, Inc.	18,241	1%	41,896	3%	(23,655)	(56)%
Adjusted EBITDA [1]	$ 44,627	2%	$ 41,810	3%	$ 2,817	7%
Earnings per share						
Basic	$ 0.12		$ 0.29		($ 0.17)	(59)%
Diluted	$ 0.12		$ 0.27		($ 0.15)	(56)%
Weighted average shares outstanding						
Basic	150,049,170		144,973,139			
Diluted	156,579,590		158,096,735			

(2) 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 $2,425.8 million for the six months ended June 30, 2022 compared to $1,583.7 million for the same period in 2021, an increase of $842.1 million, or 53%. Total revenues increased for the first six months of 2022 primarily as a result of an increase in real estate brokerage commissions, which is directly attributable to increases in our agent count, closed transactions and rising home price compared to the same period in 2021.

Commission and Other Agent Related Costs

Commission and other agent-related costs were $2,235.1 million for the six months ended June 30, 2022 compared to $1,450.3 million for the same period in 2021, an increase of $784.8 million, or 54%. Commissions and other agent related costs increased as a result of an increase in our agent count and closed transactions compared to the same period in 2021. Rising home prices and increased demand also contributed to agents reaching their commission capping requirements sooner, entitling them to a higher percentage of the home sale commission.

General and Administrative Expense

General and administrative expenses were $166.7 million for the six months ended June 30, 2022 compared to $107.0 million for the same period in 2021, an increase of $59.7 million or 56%. 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 $37.8 million in compensation and personnel related expenses including salaries, employee benefits, and payroll taxes and, an increase of $4.7 million in expenses, primarily driven by agent related seminars and conferences, an increase of $4.3 million in computer and software expenses, and an increase of $6.6 million in stock compensation expense. These increased costs are a result of the Company's growth in agent count and real estate transaction volumes, and the investment in employee and technology to support continued growth

Sales and Marketing

Sales and marketing expenses increased to $7.9 million for the six months ended June 30, 2022 compared to $4.9 million the same period in 2021. The increase of $3.0 million is due to increased advertising as we continue to expand our real estate operations and software services.

Other Expense

There were no significant changes in other expense for the six months ended June 30, 2022 compared to the same period in 2021.

Income Tax Benefit (Expense)

The Company's provision for (benefit from) income taxes amounted to ($3.49) million and ($20.4) million for the six months ended June 30, 2022 and 2021, respectively, which represent an effective tax rate of negative 23.81% and 95.1%, respectively. The decrease in income tax benefit was primarily attributable to the release of the valuation allowance in 2021 and lower deductible stock based compensation in 2022.

NON-U.S. GAAP FINANCIAL MEASURES

To supplement our condensed 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	$ 9,359	$ 37,043	$ 18,223	$ 41,889
Other (income) expense, net	629	55	1,356	(73)
Income tax (benefit) expense	1,661	(20,585)	(3,488)	(20,374)
Depreciation and amortization [1]	2,429	1,507	4,387	2,817
Stock compensation expense [2]	9,230	5,840	17,028	11,312
Stock option expense	3,606	3,128	7,121	6,239
Adjusted EBITDA	$ 26,914	$ 26,988	$ 44,627	$ 41,810

(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 business acquisitions.

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 2022 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 June 30, 2022, the Company is party to off-balance sheet arrangements, see *Note 11 – Commitments and Contingencies* for details of these arrangements. In addition, the Company has no known material cash requirements as of June 30, 2022, relating to capital expenditures, commitments, or human capital (except as passthrough commissions to agents and brokers concurrent with settled real estate transactions). For information regarding the Company’s expected cash requirement related to leases, see *Note 6 – Leases* to the condensed consolidated financial statements.

For information regarding the Company’s expected cash requirement related to settlement costs, see *Note 11 – Commitments and Contingencies*.

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.

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 June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Current assets	$ 403,600	$ 319,315
Current liabilities	(247,143)	(186,814)
Net working capital	$ 156,457	$ 132,501

For the six months ended June 30, 2022, net working capital increased to $24.0 million, or 18%, compared to December 31, 2021 primarily due to an increase in agent and commission receivables directly related to the increase in revenue.

Cash Flows

The following table presents our cash flows for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	2021
Cash provided by operating activities	$ 165,298	$ 167,425
Cash used in investment activities	(8,077)	(7,109)
Cash used in financing activities	(91,209)	(87,136)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1,141)	71
Net change in cash, cash equivalents and restricted cash	$ 64,871	$ 73,251

For the six months ended June 30, 2022, cash provided by operating activities decreased ($2.1) million compared to the same period in 2021. The change resulted primarily from the increased real estate transactions volume, and higher participation by our agents and brokers in our agent stock compensation programs, offset by decrease in customer deposits.

For the six months ended June 30, 2022, cash used in our investing activities increased due to higher capital expenditures.

For the six months ended June 30, 2022, the increase in cash flows used in financing activities primarily were related to the payment of cash dividends in the first half of 2022 which was absent in the first half of 2021.

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, 2021, which provides a description of our critical accounting policies. There were no changes to critical accounting policies or estimates as reflected in our 2021 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 2021 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, 2021. For details on the Company's interest rate and foreign currency exchange, see “Item 7A. Quantitative and Qualitative Information About Market Risks” in our 2021 Annual Report.

Item 4. CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (as the principal executive officer) and Chief Financial Officer (as the principal financial officer), to allow timely decisions regarding required disclosures.

As of June 30, 2022, an evaluation was conducted by the Company under the supervision and with the participation of its management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that the Company’s disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2022.

Changes in Internal Control over Financial Reporting

On April 1, 2022, we replaced our Intacct cloud-based resource planning (“ERP”) system to a hosted, cloud-based Oracle ERP system (“Oracle”). The change to the new Oracle ERP is reasonably likely to have a material effect on the Company’s internal control over financial reporting. In connection with the Oracle implementation, we performed pre-implementation planning, design and testing of internal controls that became effective in the second quarter of 2022. We continue to conduct post-implementation monitoring and process modifications in order to maintain effective internal control over financial reporting.

There were no other material changes other than the above-mentioned new Oracle ERP implementation in our internal control over financial reporting that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably believed to be likely to materially affect, our internal control over financial reporting.

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. The Company believes that it has adequately and appropriately accrued for legal matters. We recognize expense for legal claims when payments associated with the claims become probable and can be reasonably estimated.

Litigation and other legal matters are inherently unpredictable and subject to substantial uncertainties and adverse resolutions could occur. In addition, litigation and other legal matters, including class action lawsuits, government investigations and regulatory proceedings can be costly to defend and, depending on the class size and claims, could be costly to settle. As such, the Company could incur judgments, penalties, sanctions, fines or enter into settlements of claims with liability that are materially in excess of amounts accrued and these settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period.

Item 1A. RISK FACTORS

The business, financial condition and operating results of the Company can be affected by a number of risks, whether currently known or unknown, including but not limited to those detailed in Part I, Item 1A of the 2021 Annual Report under the heading "Risk Factors". 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. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price. Except as set forth below, there have been no material changes to the Company's risk factors since the 2021 Annual Report.

Risks Related to our Business and Operations

SUCCESS Lending is in a nascent state and is an unproven business model with regulatory, compliance, consumer trends and macroeconomic risks, many of which are beyond our control.

The SUCCESS Lending business has a limited operating history and has encountered and will continue to encounter risks, uncertainties, difficulties, and expenses, including, without limitation, ongoing compliance with a complex and evolving regulatory environment, increasing its number of clients and loans, obtaining additional funding and service relationships on favorable terms as the company scales, and navigating an evolving macroeconomic landscape. If we are not able to timely and effectively respond to these requirements, or if risks arise outside our reasonable ability to respond effectively, our business may be harmed. Generally, the residential mortgage lending market involves a high degree of business and financial risk, which can result in substantial losses that could adversely affect our financial condition.

Additionally, SUCCESS Lending is reliant on a third-party relationship with (i) Texas Capital Bank and (ii) Flagstar Bank FSB which each provide a consumer warehouse credit facility to SUCCESS Lending. If SUCCESS Lending is unable to maintain its relationship with either Texas Capital Bank or Flagstar Bank FSB, we would need to implement a substantially similar arrangement with another issuing bank or curtail SUCCESS Lending's operations. We could in the future have disagreements or disputes with either Texas Capital Bank or Flagstar Bank FSB, which could negatively impact or threaten our relationship.

Additionally, SUCCESS Lending relies on third-party sources, including credit bureaus, for credit, identification, employment and other relevant information in order to review and select qualified borrowers. If this information becomes unavailable, becomes more expensive to access or is incorrect, our business may be harmed.

SUCCESS Lending requires substantial liquidity made available through warehouse credit facilities in order to fund mortgage loans, which debt obligations are guaranteed and may need to be repaid by eXp.

SUCCESS Lending funds substantially all of the mortgage loans it closes through borrowings under its revolving warehouse credit facilities and funds generated by its operations. As of the date hereof, SUCCESS Lending has a warehouse credit facility with Flagstar Bank FSB and Texas Capital Bank which together provide SUCCESS Lending with an aggregate maximum principal amount with up to $50 million in loan origination credit (the "Credit Facilities"). It is customary for mortgage businesses like SUCCESS Lending to obtain warehouse credit lines in order to enable them to close and fund residential mortgage loans for subsequent sale to investors. SUCCESS Lending will use the borrowing capacity under the Credit Facilities exclusively for such purposes and borrowings will generally be repaid with the proceeds received from the sale of mortgage loans.

In connection with the Credit Facilities, the Company has entered into Capital Maintenance Agreements with each of Flagstar Bank FSB and Texas Capital Bank whereby the Company agrees to provide certain funds necessary to ensure that SUCCESS Lending is at all times in compliance with its financial covenants under the Credit Facilities. The Company's capital commitment liability under the Capital Maintenance Agreement with Flagstar Bank FSB is limited to $2.0 million. The Company's capital commitment liability under the Capital Maintenance Agreement with Texas Capital Bank is limited to $1.25 million. The Credit Agreements represent off-balance sheet arrangements for the Company.

We do not have sole control of SUCCESS Lending and losses and liabilities of SUCCESS Lending may require us to contribute additional capital and result in losses that could adversely affect our financial condition.

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 June 30, 2022:

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
4/1/2022 - 4/30/2022	611,955	$ 16.78	611,955	$ 168,425,444
5/1/2022 - 5/31/2022	1,448,783	13.92	1,448,783	148,468,912
6/1/2022 - 6/30/2022	1,543,213	12.98	1,543,213	128,530,534
Total	3,603,951	$ 14.56	3,603,951	

(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. On May 3, 2022, the Board authorized an increase to the Company's stock repurchase program from $400.0 million of its common stock up to $500.0 million and approved a form of amendment to its Issuer Repurchase Plan, dated January 10, 2022 to increase monthly repurchases from $10.0 million of its common stock per month up to $20.0 million, which was signed on May 6, 2022. The stock repurchase program is more fully disclosed in *Note 7 – 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 Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/Period End Date
3.1	Restated Certificate of Incorporation	10-Q	3.1	3/31/2022
3.2	Restated Bylaws	10-Q	3.2	3/31/2022
10.1	Master Repurchase Agreement, dated March 29, 2022, by and among SUCCESS Lending, LLC, Flagstar Bank FSB, and Buyers	10-Q	3.2	3/31/2022
10.2	Mortgage Warehouse Agreement, effective April 8, 2022, by and between SUCCESS Lending, LLC and Texas Capital Bank	10-Q	3.2	3/31/2022
10.3	Issuer Repurchase Plan, dated January 10, 2022, by and between eXp World Holdings Inc. and Stephens Inc.	8-K	3.2	5/4/2022
10.4	First Amendment to eXp World Holdings, Inc. Stock Repurchase Program	8-K	3.2	5/4/2022
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.

August 3, 2022	**eXp World Holdings, Inc.** (Registrant)
	/s/ Jeff Whiteside Jeff Whiteside Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

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: August 3, 2022

By: */s/ Glenn Sanford*
Glenn Sanford
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

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: August 3, 2022

By: */s/ Jeff Whiteside*
Jeff Whiteside
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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 June 30, 2022 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: August 3, 2022

By: *_/s/ Glenn Sanford_*
Glenn Sanford
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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 June 30, 2022 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: August 3, 2022

By: *//s/ Jeff Whiteside*

Jeff Whiteside
Chief Financial Officer
(Principal Financial Officer)