eXp World Holdings, Inc.

2219 Rimland Drive, Suite 301
Bellingham, WA 98226, U.S.A.

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

SUPPLEMENT
to the prospectus approved by the *Autorité des marchés financiers* (the "AMF") on June 23, 2023 under visa number 23-243 published in Connection with the Public Offering of a Maximum of 13,904,438 Shares of Common Stock, Par Value $0.00001, of eXp World Holdings, Inc. to Independent Agents under the Program (the "Prospectus")

The Supplement has been approved by the AMF on March 26, 2024, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF approves the Supplement after having verified that the information in the Supplement is complete, consistent and comprehensible within the meaning of Regulation (EU) 2017/1129. This approval should not be considered as a favorable opinion on the issuer and on the quality of the financial securities that are the subject of the Supplement. Investors are invited to make their own evaluation concerning the opportunity of investing in the financial securities concerned. The Supplement shall bear the following approval number: 24-082.

This Supplement has been prepared pursuant to Article 23 of Regulation (EU) 2017/1129 for the purposes of:

(i) communicating the publication by eXp World Holdings, Inc. of its Annual Report on Form 10-K for the fiscal year ended December 31, 2023;

(ii) incorporating by reference eXp World Holdings, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, to the Prospectus;

(iii) updating the Prospectus with the information included eXp World Holdings, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2023; and

(iv) incorporating any other recent events in connection with eXp World Holdings, Inc.

In accordance with article 23 (2) of the Prospectus Regulation, in case of an offer of Shares to the public, investors who have already agreed to purchase or subscribe for Shares to be issued under the Program have the right, exercisable within two (2) working days after the publication of this Supplement to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the Supplement Period (as defined in the Supplement) or the delivery of the Shares, whichever occurs first. Investors may exercise their right to withdraw their acceptances until March 29, 2024 at 11:59 pm PT (Pacific Time Zone) by contacting stock@exprealty.net.

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

NOTE TO THE SUPPLEMENT

This Supplement, which is supplemental to and must be read in conjunction with the Prospectus, contains material information concerning eXp World Holdings, Inc. and was established pursuant to Article 23 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**").

The Supplement sets out below the sections of the Prospectus that are amended. The other information in the Prospectus remains unchanged.

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

- Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed by eXp World Holdings, Inc. with the U.S. Securities and Exchange Commission on February 22, 2024; and

- Press release issued by eXp World Holdings, Inc. on March 11, 2024.

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

In this Supplement, "$" refers to U.S. dollars.

Unless otherwise defined, terms defined in the Prospectus have the same meaning when used in this Supplement.

The numbering of the chapters and paragraphs in this Supplement follows the numbering of the chapters and paragraphs of the Prospectus approved by the AMF under number 23-243, which are updated in this Supplement.

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

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CROSS-REFERENCE LISTS

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	c) founders, if the issuer has been established for fewer than five years; and	Not applicable	Not applicable
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18.1.2	Change of accounting reference date If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.	Not applicable	Not applicable

18.1.3	Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable, the financial information must be prepared in accordance with: *(a)* a Member State's national accounting standards for issuers from the EEA, as required by Directive 2013/34/EU; *(b)* a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. If such third country's national accounting standards are not equivalent to Regulation (EC) No 1606/2002 the financial statements shall be restated in compliance with that Regulation.	Prospectus Part II - Section B	45 – 47 (6.1 Selected Financial Data)
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18.1.4	Change of accounting framework The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated solely for the purposes of the prospectus. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements (as defined by IAS 1 Presentation of Financial Statements as set out in Regulation (EC) No 1606/2002), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.	Not applicable	Not applicable
18.1.5	Where the audited financial information is prepared according to national accounting standards, it must include at least the following: *(a)* the balance sheet; *(b)* the income statement; *(c)* a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;	Prospectus Exhibit III	41 - 62 (Item 8. Financial Statements and Supplementary Data)
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	(d) the cash flow statement; *(e)* the accounting policies and explanatory notes		Supplementary Data)
18.1.6	Consolidated financial statements If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Not applicable	Not applicable
18.1.7	Age of financial information The balance sheet date of the last year of audited financial information may not be older than one of the following: *(a)* 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document; *(b)* 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.	Prospectus Exhibit III	41 - 62 (Item 8. Financial Statements and Supplementary Data)
		Supplement Exhibit I	44 - 65 (Item 8. Financial Statements and Supplementary Data)
18.2.	Interim and other financial information.		
18.2.1	If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half-yearly financial information has been audited or reviewed, the audit or review report must also be included. If the quarterly or half-yearly financial information is not audited or has not been reviewed, state that fact. If the registration document is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. Interim financial information prepared in accordance with the requirements of Regulation (EC) No 1606/2002. For issuers not subject to Regulation (EC) No 1606/2002, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.	Prospectus Part II - Section B	45 – 47 (6.1 Selected Financial Data)
		Prospectus Exhibit V	4 – 15 (Item 1. Financial Statements (Unaudited))
		Supplement Part II - Section B	77 - 78 (6.1 Selected Financial Data)
18.3.	**AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION**		

18.3.1.	Statement that the historical financial information has been audited.	Prospectus Exhibit III	39 - 40 (Report of Independent Registered Public Accounting Firm)
		Supplement Exhibit I	41 - 43 (Report of Independent Registered Public Accounting Firm)
	Report of Independent Registered Public.	Prospectus Exhibit III	39 - 40 (Report of Independent Registered Public Accounting Firm)
		Supplement Exhibit I	41 - 43 (Report of Independent Registered Public Accounting Firm)
18.3.2.	Indication of other information in the prospectus which has been audited by the auditors.	Not applicable	Not applicable
18.3.3.	Unaudited financial data in prospectus.	Prospectus Part II - Section B	45 – 47 (6.1 Selected Financial Data)
		Prospectus Exhibit V	4 – 15 (Item 1. Financial Statements (Unaudited))
18.4.	Pro forma financial information.	Not applicable	Not applicable
18.5.	**Dividend policy**		
18.5.1.	Description of dividend policy.	Prospectus Part II - Section B	34 – 35 (4.5 Rights Attached to the Securities - Dividend Rights)
		Prospectus Exhibit III	22 (Dividends)
		Supplement Part II - Section B	71 (4.5 Rights Attached to the Securities - Dividend Rights)

		Supplement Exhibit I	25 (Dividends)
18.5.2.	The amount of the dividend per share for each financial year for the period covered by the historical financial information.	Not applicable	Not applicable
18.6.	**Legal and arbitration proceedings**		
18.6.1.	Information on any governmental, legal or arbitration proceedings.	Prospectus Part II - Section B	49 (7.3 Indirect and Contingent Indebtedness - Commitments and Contingencies)
		Prospectus Exhibit III	60 (Note 13. Commitments and Contingencies)
		Supplement Part II - Section B	80 - 82 (7.3 Indirect and Contingent Indebtedness - Commitments and Contingencies)
		Supplement Exhibit I	63 - 64 (Note 13. Commitments and Contingencies)
18.7.	**Significant change in issuer's financial position**		
18.7.1.	Significant change in the issuer's financial position since the end of the last financial period, or provide an appropriate negative statement.	Prospectus Part II - Section B	47 - 48 (7.1 Capitalization and Indebtedness)
		Supplement Part II - Section B	79 (7.1 Capitalization and Indebtedness)
19	**ADDITIONAL INFORMATION**		
19.1	**Share Capital**		

19.1.1.	Total authorized share capital.	Prospectus Part II - Section B	33 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Prospectus Exhibit III	41 (Consolidated Balance Sheets)
		Supplement Part II - Section B	70 - 71 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Supplement Exhibit I	44 (Consolidated Balance Sheets)
	The amount of issued capital.	Prospectus Part II - Section B	33 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Prospectus Exhibit III	41 (Consolidated Balance Sheets)
		Supplement Part II - Section B	70 - 71 (4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code)
		Supplement Exhibit I	44 (Consolidated Balance Sheets)
	Par value per share.	Prospectus Part II - Section B	33 (4.1 Type and the Class of the Securities Being Offered, Including the Security

			Identification Code)
		Supplement Exhibit I	Cover Page
	Reconciliation of number of shares outstanding at beginning and end of year.	Not applicable	Not applicable
19.1.2.	Shares not representing capital.	Not applicable	Not applicable
19.1.3.	Shares in the issuer held by the issuer or subsidiaries.	Prospectus Exhibit III	22 - 23 (Purchases of Equity Securities by the Issuer and Affiliated Purchasers) 57 (Stock Repurchase Program)
		Supplement Exhibit I	25 - 26 (Purchases of Equity Securities by the Issuer and Affiliated Purchasers) 58 (Stock Repurchase Program)
19.1.4.	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.	Not applicable	Not applicable
19.1.5.	Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital.	Not applicable	Not applicable
19.1.6.	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option.	Not applicable	Not applicable
19.1.7.	A history of share capital for the period covered by the historical financial information.	Prospectus Exhibit III	43 (Consolidated Statements of Equity)
		Supplement Exhibit I	46 (Consolidated Statements of Stockholders' Equity)

19.2.	**Memorandum and Articles of Association**		
19.2.1.	Issuer's objects and purposes.	Prospectus Exhibit VI	(Article II. Purpose)
19.2.2.	A description of the rights, preferences and restrictions attaching to each class of the existing shares.	Prospectus Part II - Section B	34 – 37 (4.5 Rights Attached to the Securities)
		Supplement Part II - Section B	71 (4.5 Rights Attached to the Securities - Dividend Rights)
19.2.3.	Provisions of the issuer's articles of association, statutes, charter or by-laws that would have an effect of delaying deferring or preventing a change in control of the issuer.	Prospectus Part II - Section A	29 (Last Risk Factor starting "Delaware law and our organizational documents may impede or discourage a takeover (…)")
		Supplement Part II - Section A	68 (Last Risk Factor starting "Delaware law and our organizational documents may impede or discourage a takeover (…)")
20.	**MATERIAL CONTRACTS**		
20.1.	Summary of material contract.	Prospectus Part II - Section B	70 (XII. Material Contracts)
		Prospectus Exhibit III	45 (Variable interest entities and noncontrolling interests) 45 - 46 (Joint ventures)
		Supplement Exhibit I	48 (Variable interest entities ("VIEs")) 48 (Joint ventures)

			53 (Note 3. Acquisitions)
21.	**DOCUMENTS ON DISPLAY**		
21.1.	Statement confirming where documents can be inspected.	Prospectus Part II - Section B	70 – 71 (XIII. Documents on Display)

ANNEX 11 OF DELEGATED REGULATION 2019/980

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

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

Item #	Item contents	Chapter/Exhibit	Page
1.	**PERSONS RESPONSIBLE**		
1.1.	All persons responsible for the information given in the prospectus/supplement.	Prospectus	1 (Company Representative for Prospectus)
		Prospectus Exhibit III	Exhibits 31.1 and 32.1
		Supplement	41 (Company Representative for Supplement)
		Supplement Exhibit I	Exhibits 31.1 and 32.1
1.2.	A declaration by those responsible for the prospectus/supplement.	Prospectus	1 (Company Representative for Prospectus)
		Supplement	41 (Company Representative for Supplement)
1.3.	Attribution to experts.	Not applicable	Not applicable
1.4.	Third party sources.	Not applicable	Not applicable
1.5.	Statement of approval of document by competent authority.	Prospectus	Cover Page
		Supplement	Cover Page
2.	**RISK FACTORS**		
2.1.	Description of the material risks that are specific to the securities being admitted to trading.	Prospectus Part II - Section A	27 – 29 (VI. Risks Related to the Company's Stock)
		Supplement Part II - Section A	66 - 68 (VI. Risks Related to the Company's Stock)

Item #	Item contents	Chapter/Exhibit	Page
3.	**ESSENTIAL INFORMATION**		
3.1.	Working capital Statement.	Prospectus Part II - Section B	49 (VIII. Working Capital Statement)
		Supplement Part II - Section B	82 (VIII. Working Capital Statement)
3.2.	Capitalization and indebtedness.	Prospectus Part II - Section B	47 - 49 (VII. Statement of Capitalization and Indebtedness as of March 31, 2023)
		Supplement Part II - Section B	79 - 82 (VII. Statement of Capitalization and Indebtedness as of December 31, 2023)
3.3.	Interest of natural and legal persons involved in the issue/offer	Prospectus Part II - Section B	65 – 67 (10.5 Conflicts of Interest) 68 – 70 (11.2 Major Stockholders, Directors, and Executive Officers' Holdings of Shares and Options)
3.4.	Reasons for the offer and use of proceeds.	Prospectus Part II - Section B	31 (1.1 Purpose of the Program) 50 (9.2 Net Proceeds)
4.	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING**		
4.1.		Prospectus Part II - Section B	33 (4.1 Type and the Class of the Securities being Offered,

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			Including the Security Identification Code)
	A description of the type and the class of the securities being offered and/or admitted to trading, including the international security identification number.	Supplement Part II - Section B	70 - 71 (4.1 Type and the Class of the Securities being Offered, Including the Security Identification Code)
4.2.	Legislation under which the securities have been created.	Prospectus Part II - Section B	33 (4.2 Legislation Under Which the Securities Have Been Created)
4.3.	Form of securities, name and address of the entity in charge of keeping the records.	Prospectus Part II - Section B	33 – 34 (4.3 Form of Securities, Name and address of the Entity in Charge of Keeping the Records)
4.4.	Currency of the securities issue.	Prospectus Part II - Section B	34 (4.4 Currency of the Securities Issue)
4.5.	Rights attached to the securities.	Prospectus Part II - Section B	34 – 37 (4.5 Rights Attached to the Securities)
		Supplement Part II - Section B	71 (4.5 Rights Attached to the Securities - Dividend Rights)
4.6.		Prospectus Part II - Section B	37 – 38 (4.6 Transferability)

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	In the case of new issues, statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued.	Prospectus Exhibit I	58 - 61 (2.1 Number of Shares Available)
4.7.	In the case of new issues, the expected issue date of the securities.	Prospectus Part II - Section B	31 (1.3 Purchase Period)
4.8.	Description of any restrictions on the free transferability of the securities.	Prospectus Part II - Section B	33 (III. Delivery and Sale of the Shares) 37 - 38 (4.6 Transferability)
4.9.	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Prospectus Part II - Section A	27 – 28 (Risk Factor starting "We are a "controlled company" within the meaning of Nasdaq rules…") 29 (Risk Factor starting ("Delaware law and our organizational documents may impede or discourage a takeover (…)")
		Prospectus Part II - Section B	38 – 39 (4.7 General Provisions Applying to Business Combinations)
		Supplement Part II - Section A	67 (Risk Factor starting "Until July 31, 2023, we were a "controlled company" within the meaning of

Item #	Item contents	Chapter/Exhibit	Page
			Nasdaq rules…”) 68 (Risk Factor starting (“Delaware law and our organizational documents may impede or discourage a takeover (…)”)
4.10.	An indication of public takeover bids by third parties in respect of the issuer’s equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	Not applicable	Not applicable
4.11.	Information on taxes on the income from the securities withheld at source.	Prospectus Part II - Section B	71 – 73 (XIV. Tax Consequences)
4.12.	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU of the European Parliament and of the Council.	Not applicable	Not applicable
4.13.	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including the LEI where the offeror has legal personality.	Not applicable	Not applicable
5.	**TERMS AND CONDITIONS OF THE OFFER**		
5.1.	**Conditions, offer statistics, expected timetable and action required to apply for the offer.**		
5.1.1.	Conditions to which the offer is subject.	Prospectus Part II - Section B	30 – 33 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
		Prospectus Exhibit I	All sections
		Prospectus Exhibit II	All sections

Item #	Item contents	Chapter/Exhibit	Page
5.1.2.	Total amount of the issue/offer.	Prospectus Part II - Section B	50 (9.2 Net Proceeds)
5.1.3.	Time period during which the offer will be open and description of the application process.	Prospectus Part II - Section B	30 – 33 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
5.1.4.	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Prospectus Part II - Section B	31 (1.6 Term of the Program) 31 (1.7 Amendment or Discontinuance of the Plan and the Program) 32 (2.4 Discontinuance of Participation of Participants)
		Supplement Part II - Section B	70 (2.4 Discontinuance of Participation of Participants)
5.1.5.	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Prospectus Part II - Section B	32 (2.3 Contributions)
5.1.6.	Minimum and/or maximum amount of application.	Prospectus Part II - Section B	32 (2.3 Contributions)
5.1.7.	Period during which an application may be withdrawn.	Prospectus Part II - Section B	32 (2.4 Discontinuance of Participation of Participants)
5.1.8.	Method and time limits for paying up the securities and for delivery of the securities.	Prospectus Part II - Section B	32 (2.3 Contributions) 33 (III. Delivery and Sale of the Shares)
5.1.9.	A full description of the manner and date in which results of the offer are to be made public.	Prospectus Part II - Section B	33 (III. Delivery and Sale of the Shares)

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			70 (11.3 Stock Plans - Agent Equity Program)
		Prospectus Exhibit III	55 (10. Stockholders' Equity - Agent Equity Program)
		Prospectus Exhibit V	11 (6. Stockholders' Equity - Agent Equity Program)
		Supplement Part II - Section B	86 – 87 (11.3 Stock Plans - Agent Equity Program)
		Supplement Exhibit I	56 (9. Stockholders' Equity - Agent Equity Program)
5.1.10.	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	Not applicable	Not applicable
5.2.	**PLAN OF DISTRIBUTION AND ALLOTMENT**		
5.2.1.	The various categories of potential investors to which the securities are offered.	Prospectus Part II - Section B	32 (2.1 Eligible Independent Agents)
5.2.2.	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	Not applicable	Not applicable
5.2.3.	Pre-allotment Disclosure	Not applicable	Not applicable
5.2.4.	Process for notifying applicants of the amount allotted and an indication whether dealing may begin before notification is made.	Prospectus Part II - Section B	32 (2.3 Contributions)
5.3.	**PRICING**		

Item #	Item contents	Chapter/Exhibit	Page
5.3.1.	An indication of the price at which the securities will be offered.	Prospectus Part II - Section B	31 (1.4 Purchase Price)
5.3.2.	Process for the disclosure of the offer price.	Prospectus Part II - Section B	31 (1.4 Purchase Price) 33 – 34 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.3.3.	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn.	Prospectus Part II - Section B	37 (4.5 Rights Attached to the Securities - No Preemptive, Redemptive or Conversion Provisions)
5.3.4.	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year.	Not applicable	Not applicable
5.4.	**PLACING AND UNDERWRITING**		
5.4.1.	Name and address of the co-coordinator(s) of the global offer.	Not applicable	Not applicable
5.4.2.	Name and address of any paying agents and depository agents in each country.	Prospectus Part II - Section B	33 – 34 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.4.3.	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis.	Not applicable	Not applicable
5.4.4.	When the underwriting agreement has been or will be reached.	Not applicable	Not applicable
6.	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**		

Item #	Item contents	Chapter/Exhibit	Page
6.1.	Whether the securities offered are or will be the object of an application for admission to trading.	Prospectus Part II - Section B	30 – 31 (1.2 Shares Offered Under the Program) 33 (4.1 Type and Class of the Securities Being Offered, Including the Security Identification Code)
6.2.	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Prospectus Part II - Section B	33 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
6.3.	Simultaneous private placement.	Not applicable	Not applicable
6.4.	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity.	Not applicable	Not applicable
6.5.	Stabilization.	Not applicable	Not applicable
6.5.1.	The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.	Not applicable	Not applicable
6.5.1.1.	The fact that stabilization transactions aim at supporting the market price of the securities during the stabilization period.	Not applicable	Not applicable
6.5.2.	The beginning and the end of the period during which stabilization may occur.	Not applicable	Not applicable
6.5.3.	Identity of the stabilization manager.	Not applicable	Not applicable
6.5.4.	The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.	Not applicable	Not applicable

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6.5.5.	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).	Not applicable	Not applicable
6.6.	Over-allotment and 'green shoe'.	Not applicable	Not applicable
7.	**SELLING SECURITIES HOLDERS**		
7.1.	Name and business address of the person or entity offering to sell the securities.	Not applicable	Not applicable
7.2.	The number and class of securities being offered by each of the selling security holders.	Not applicable	Not applicable
7.3.	Where a major shareholder is selling the securities, the size of its shareholding both before and immediately after the issuance.	Not applicable	Not applicable
7.4.	Lock-up agreements.	Not applicable	Not applicable
8.	**EXPENSE OF THE ISSUE/OFFER**		
8.1.	The total net proceeds and an estimate of the total expenses of the issue/offer.	Prospectus Part II - Section B	50 (9.2 Net Proceeds)
		Supplement Part II - Section B	83 (9.2 Net Proceeds)
9.	**DILUTION**		
9.1.	A comparison of: (a) participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; (b) the net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and/or capital increase) and the offering price per share within that public offer.	Prospectus Part II - Section B	50 (9.1 Maximum Dilution)
		Supplement Part II - Section B	82 (9.1 Maximum Dilution)
9.2.	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their	Not applicable	Not applicable

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

COMPANY REPRESENTATIVE FOR SUPPLEMENT

1.1 Kent Cheng, Chief Accounting Officer and Principal Financial Officer, acting for and on behalf of eXp World Holdings, Inc.

1.2 I hereby declare that the information contained in this Supplement is, to the best of my knowledge, in accordance with the facts and that it makes no omission likely to affect its import.

/s/ Kent Cheng

Kent Cheng
Chief Accounting Officer and Principal Financial Officer
of eXp World Holdings, Inc.

Chalfont, Pennsylvania, U.S.A., March 25, 2024

PART I — SUPPLEMENT SUMMARY

VISA NUMBER 24-082 DATED MARCH 26, 2024 OF THE AMF

SECTION A — INTRODUCTION AND WARNINGS	
Date of approval of the supplement	March 26, 2024

SECTION B — KEY INFORMATION ON THE ISSUER

WHO IS THE ISSUER OF THE SECURITIES?

Principal activities

The information contained in Part I, Section B, “Principal activities” of the Prospectus is replaced as follows:

The Company owns and oversees a diversified portfolio of service-oriented businesses. These businesses significantly benefit from the integration of the Company's advanced enabling technology platform. The Company's strategic focus is on expanding its real estate brokerage operations. To achieve this, the Company emphasizes enhancing the value proposition for its agents, investing in the development of immersive, cloud-based technological solutions, and offering affiliate and media services that bolster these efforts.

The Company began operating and managing the Company as four operating and reportable business segments beginning in December 2022, to increase its management effectiveness. The reportable segments are:

- ***North American Realty***: includes real estate brokerage operations in the United States and Canada, as well as lead-generation and other real estate support services provided in North America.
- ***International Realty***: includes real estate brokerage operations in all other international locations.
- ***Virbela***: includes the enterprise application-based Virbela platform and web-based Frame platform and the support services offered by eXp World Technologies.
- ***Other Affiliated Services***: includes the Company’s SUCCESS® Magazine and other smaller ventures.

As of December 31, 2023, the Company had approximately 2,114 full-time equivalent employees and 87,515 real estate agents.

The following are developments in the Company's business since the beginning of the fiscal year ended December 31, 2023:

- During 2023, the Company announced various new agent incentive programs to enhance the agent experience and to attract culturally aligned agents, teams of agents and independent brokerages to the Company. New incentive programs include Boost, Accelerate, and Thrive, which offer unique financial incentives.
- In 2023, the Company launched various new ancillary programs and services to support the development and success of its agents, brokers and customers, including the continued global expansion of eXp Luxury™, Military Rewards Program, Listing Kits, Bundle Select™, eXp Exclusives™, My Link My Lead™, and affiliate relationships like HomeHunter™.
- Additional talent joined the Company in 2023, including the appointment of Peggie Pelosi to the Board in January 2023 and the appointment of Fred Reichheld to the Board in September 2023.

The Company did not complete any acquisitions during the year ended December 31, 2023.

On March 11, 2024, eXp Realty, the core subsidiary of the Company, announced its 2023 revenue share and agent equity distribution statistics, underscoring its competitive compensation framework as a catalyst for ongoing agent expansion. The Company paid agents and brokers over $230 million in revenue share and equity benefits in 2023.

Major stockholders

The information contained in Part I, Section B, “Major stockholders” of the Prospectus is replaced with the following:

The following table shows, as of November 30, 2023 (except as noted otherwise), stockholders known to the Company who beneficially own more than 5% of the outstanding Shares. To the best knowledge of the Company, there has been no material change to the beneficial ownership of the stockholders listed in the table below since November 30, 2023. Beneficial ownership represents sole voting power and investment power. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A.

Name and Address	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
Group of stockholders(2)	70,592,639	45.73%
• *Glenn Sanford*	• *43,608,596*	• *28.25%*
• *Penny Sanford*	• *26,984,043*	• *17.48%*
BlackRock, Inc.	12,349,144(3)	8.00%
The Vanguard Group	12,002,402(4)	7.80%

(1) The information is based on 154,353,642 Shares issued and outstanding as of November 30, 2023. As of December 31, 2023, there were 154,669,037 Shares outstanding. The beneficial ownership of the stockholders listed in the table above has not changed significantly as of December 31, 2023 and the percentage ownership does not change by more than one percent.

(2) In March 2021, Mr. Sanford, Ms. Sanford, Jason Gesing and Eugene Frederick filed a Schedule 13D/A with the SEC indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote (the "**Voting Group**"). The Voting Group owns a number of Shares sufficient to elect all of the members of the Board without the approval of any other stockholders. On July 31, 2023, Ms. Sanford and Messrs. Sanford and Gesing filed a Schedule 13D/A disclosing that Mr. Frederick was no longer a member of the Voting Group. As of January 10, 2024, Mr. Gesing has elected to no longer vote together with the Voting Group with respect to the election of directors of the Company and on any other matter on which any Shares are entitled to vote. The Voting Group is now comprised solely of Mr. Sanford and Ms. Sanford. Based on information set forth in a Schedule 13D filed with the SEC on January 12, 2024 by Mr. Sanford and Ms. Sanford.

(3) As of December 31, 2023, based on information set forth in a Schedule 13G filed with the SEC on January 25, 2024 by BlackRock, Inc. BlackRock, Inc.'s business address is 50 Hudson Yards, New York, NY 10001, U.S.A.

(4) As of December 29, 2023, based on information set forth in a Schedule 13G/A filed with the SEC on February 13, 2024 by The Vanguard Group. The Vanguard Group's business address is 100 Vanguard Blvd., Malvern, PA 19355, U.S.A.

Because no person or group holds more than 50% of the voting power for the election of the Company's directors, the Company no longer qualifies as a "controlled company" under Nasdaq rules.

WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

Financial information concerning the Company for the fiscal years ended December 31, 2023, 2022 and 2021

The information contained in Part I, Section B, "Financial information concerning the Company for the fiscal years ended December 31, 2022, 2021 and 2020, and for the quarterly periods ended March 31, 2023 and 2022" of the Prospectus is replaced with the following:

The consolidated statements of comprehensive income and the consolidated balance sheets data of the Company for the fiscal years ended December 31, 2023, 2022 and 2021, set out in this Supplement have been derived from the Company's audited consolidated financial statements prepared in accordance with the accounting principles generally accepted in the United States ("**U.S. GAAP**").

SELECTED THREE-YEAR FINANCIAL DATA *(In thousands, except share amounts and per share data) (audited)*

	Year Ended December 31,		
	2023	**2022**	**2021**
Consolidated Statements of Comprehensive (Loss) Income:			
Revenues [1]	$ 4,281,105	$ 4,598,161	$ 3,771,170
Total operating expenses [2]	4,297,566	4,592,753	3,737,018
Operating (loss) income [3]	(16,461)	5,408	34,152
Total other (income) expense, net	(3,026)	820	480
Income tax (benefit) expense [4]	(4,462)	(10,836)	(47,487)
Net (loss) income [5]	(8,973)	15,424	81,159
Net income attributable to noncontrolling interest	—	18	61
Net (loss) income attributable to eXp World Holdings, Inc.	(8,973)	15,442	81,220
(Loss) earnings per share			
Basic	(0.06)	0.10	0.56
Diluted	(0.06)	0.10	0.51
Weighted average shares outstanding			
Basic	153,232,129	151,036,110	146,170,871
Diluted	153,232,129	156,220,165	157,729,374
	As of December 31,		
Consolidated Balance Sheets Data:	**2023**	**2022**	**2021**
Cash and cash equivalents	126,864	121,594	108,237
Total assets	385,668	381,682	413,826
Total liabilities	141,660	132,690	190,293
Equity	244,008	248,992	223,533
	Year Ended December 31,		
Consolidated Statements of Cash Flows:	**2023**	**2022**	**2021**
Net cash provided by operating activities	209,131	210,535	246,892
Net cash used in investing activities [6]	(13,503)	(22,461)	(18,923)
Dividends declared and paid	(28,519)	(25,229)	(11,548)
Net cash used in financing activities	(184,089)	(204,514)	(179,924)
Cash, cash equivalents and restricted cash, ending balance	$ 170,884	$ 159,383	$ 175,910

(1) The Company's total revenues were $4.3 billion in 2023 compared to $4.6 billion in 2022, a decrease of ($317.1) million, or (7)%. Total revenues decreased primarily as a result of lower volume of real estate brokerage commissions, which is attributable to a decrease of overall real estate transactions and lower home sales prices in the Company's markets, partially offset by growth in the Company's agent base, compared to 2022.

(2) 2023 includes impairment charges for goodwill and amortizable intangible assets of $9.2 million related to the Virbela segment.

(3) Operating loss in 2023 reflects lower revenue and impairment charges, partially offset by reduced operating costs.

(4) The Company's provision for income taxes amounted to a benefit of ($4.5) million, a benefit decrease of $6.4 million for the year ended December 31, 2023. The decrease in income tax benefit was primarily attributable to the decrease in excess benefit from stock-based compensation in current year and higher non-deductible executive compensation expenses.

(5) Net loss in 2023 reflects lower revenue and impairment charges, partially offset by reduced operating costs and income tax benefit.

(6) For the year ended December 31, 2023, cash used in the Company's investing activities decreased primarily due to a decrease of ($6.7) million in capital expenditures and an increase of $5.4 million invested in unconsolidated subsidiaries in the current year offset by $9.9 million Zoocasa business acquisition in 2022.

Qualifications in the audit report on the historical financial information

The information contained in Part I, Section B, “Qualifications in the audit report on the historical financial information” of the Prospectus is replaced with the following:

The independent registered public accounting firm’s reports expressed an unqualified opinion on the financial statements of the Company as of and for the years ended December 31, 2023, 2022 and 2021.

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

The information contained in Part I, Section B, “What are the key risks that are specific to the Issuer?” of the Prospectus is replaced with the following:

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

Risks Related to the Company’s Industries

- The Company's profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond its control.
- Monetary policies of the U.S. federal government and its agencies may have a material adverse impact on the Company's operations.
- The introduction and integration of emerging technologies into the real estate industry and any delay or inability to successfully integrate such technologies into the Company's business or the businesses of its real estate professionals could result in competitive harm.

Risks Related to the Company’s General Business and Operations

- Loss of the Company's current executive officers or other key management could significantly harm its business.
- The Company's international operations are subject to risks not generally experienced by its U.S. operations.
- Cybersecurity incidents could disrupt the Company's business operations, result in the loss of critical and confidential information, adversely impact its reputation and harm its business.

Risks Related to the Company’s Real Estate Business

- Inflation and rising interest rates have and may continue to contribute to declining real estate transaction volumes, which have and may continue to materially impact operating results, profits and cash flows.
- The Company may be unable to maintain its agent growth rate, which would adversely affect its revenue growth and results of operations.
- Any reduction in the Company’s portion of the commission revenue from property sales transactions could harm its financial performance.
- The Company's value proposition for agents and brokers includes allowing them to participate in the revenues of the Company and is not typical in the real estate industry. If agents and brokers do not understand its value proposition, the Company may not be able to attract, retain and incentivize agents.

Risks Related to Legal and Regulatory Matters

- The Company is subject to certain risks related to legal proceedings filed by or against the Company and adverse results may harm its business and financial condition. The Company and/or its subsidiaries have been named as defendants in numerous putative class action complaints brought in various U.S. district courts and the Federal Court of Canada relating to antitrust matters. Each antitrust lawsuit is in the pleadings phase. The plaintiffs in these lawsuits seek a permanent injunction enjoining the defendants from requiring home sellers to pay buyer-broker commissions or from otherwise restricting competition among brokers, an award of declaratory relief and damages or restitution on behalf of certain home sellers or buyers, as applicable, in those states or provinces, as applicable, as well as attorneys’ fees and costs of suit. Plaintiffs allege joint and several liability and seek treble or other multiple damages. The Company intends to vigorously defend against all claims. The Company may become involved in additional litigation or other legal proceedings concerning the same or similar claims.
- Adverse outcomes in litigation and regulatory actions against other companies and agents in the Company's industry could adversely impact the Company's financial results.

SECTION C — KEY INFORMATION ON THE SECURITIES

WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

Currency of the securities issue and number of securities issued and the term of the securities	The information contained in Part I, Section C, “Currency of the securities issue and number of securities issued and the term of the securities” of the Prospectus has been updated as follows: As of February 22, 2024, the Company was authorized to issue 900,000,000 Shares. As of December 31, 2023, there were 154,669,037 Shares outstanding. There have been no material changes in the number of Shares issued and outstanding since that date. The term of the Shares is unlimited.

Dividend policy	The information contained in Part I, Section C, "Dividend policy" of the Prospectus is replaced with the following: On August 4, 2021, the Board declared and subsequently paid its first cash dividend. The Company then declared and paid subsequent dividends during each quarter of the fiscal year ended December 31, 2023. On February 14, 2024, the Board approved a cash dividend of $0.05 per Share to be paid on March 29, 2024 to stockholders of record on March 8, 2024. The ex-dividend date is expected to be on or around March 7, 2024. The dividend will be paid in cash. The Company has not paid cash dividends on its Shares in previous periods, including during the year ended December 31, 2020. Payment of cash dividends is at the discretion of the Board in accordance with applicable law after taking into account various factors, including the Company's financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, the Company can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that the Company will pay any future dividends to its common stockholders, or as to the amount of any such dividends.

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

The information contained in Part I, Section C, "What are the key risks that are specific to the securities?" of the Prospectus is replaced with the following:

- Glenn Sanford, the Company's Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, own a significant percentage of the Company's stock and have agreed to act as a group on any matter submitted to a vote of the Company's stockholders. As a result, the trading price for the Shares may be depressed and they can significantly influence actions that may be adverse to the interests of the Company's other stockholders.
- Because the Company can issue additional Shares and because the Company issues stock under equity incentive plan, the Company's stockholders may experience dilution in the future.
- The stock price of the Shares has been and likely will continue to be volatile and may decline in value regardless of the Company's performance.

SECTION D — KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

Description of the terms and conditions of the offer

The information contained in Part I, Section D, "Description of the terms and conditions of the offer" of the Prospectus has been completed as follows:

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

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

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

Under the Program, independent agents can enroll each month, starting on the first business day of the month. Eligible independent agents who enroll and participate in the Program are referred to as "**Participants**." Shares will be purchased on behalf of Participants at the end of each month. Once enrolled, Participants do not need to re-enroll for the subsequent offerings and are automatically participating to the next Monthly Offerings (unless Participants withdraw as further explained below) so that Shares will be purchased at the end of each month for these Participants without them taking any further actions.

Participants have a right to withdraw from participating in the Program as a consequence of the Supplement. Pursuant to Article 23 of the Prospectus Regulation, where the prospectus relates to an offer of securities to the public, investors who have already agreed to purchase or subscribe for the securities before the supplement is published shall have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first.

Therefore, Participants or independent agents who have enrolled in the Program between February 22, 2024, i.e., the date of the filing of the Form 10-K with the SEC, and March 27, 2024, i.e., the date of the publication of the Supplement (the "**Supplement Period**"), will have the right, exercisable within two working days after the publication of the Supplement, i.e., until March 29, 2024 (included), to withdraw their acceptances by completing a new Election Form, available by request at stock@exprealty.net, indicating his or her intention to withdraw from the Program. Such new Election Form should be submitted to stock@exprealty.net.

The Participants' right to withdraw from the Program will expire on March 29, 2024 at 11:59 pm PT (Pacific Time Zone). If a Participant completes the withdrawal process by this date and hour and no Share purchase has been made on behalf of Participant, his/her outstanding Contributions will be returned to Participant within 30 days from submitting the Participant's withdrawal Election Form to stock@exprealty.net and no Share purchase will be made on his/her behalf. If a Participant completes the withdrawal process by this date and Shares have been purchased on the behalf of Participant, Participant will be required to return the Shares purchased on his/her behalf during the Supplement Period once credited on the Participant's individual account at the Broker and Participant's Contributions used to purchased such Shares will be returned to Participant within 30 days from submitting the Participant's withdrawal Election Form to stock@exprealty.net.

As mentioned above, regardless of the withdrawal right related to the publication of the Supplement, Participants may withdraw from the Program at any time by completing a new Election Form indicating his or her intention to withdraw from the Program as set forth in Part II – Section B - 2.4 (Discontinuance of Participation of Participants) of the Prospectus.

Number and Nature of the Securities Offered: For the years ended December 31, 2023, 2022 and 2021, the Company issued 8,897,804, 11,462,940 and 3,645,386 Shares, respectively, to agents and brokers for $135,226, $164,104 and $144,437, respectively, net of discount. As of January 31, 2024, 7,025,226 Shares were available for future issuance under the Program (out of the 88,596,220 Shares available for the duration of the Plan). Shares offered under the Program can only be authorized but unissued Shares under the Program that are registered with applicable securities authorities.

<table>
<tr><td rowspan="4">Maximum dilution</td><td colspan="3">The information contained in Part I, Section D, “Maximum dilution” of the Prospectus is replaced with the following:
Hypothetically, assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares remaining available for issuance pursuant to the Program (i.e., 7,025,226), the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of December 31, 2023, i.e., 1,546,690 Shares, and who is not an eligible independent agent participating in the offer, would be diluted as indicated in the following table:</td></tr>
<tr><td></td><td>Percentage of the total outstanding Shares</td><td>Total number of outstanding Shares</td></tr>
<tr><td>Before the issuance of Shares under the Program (as of December 31, 2023)</td><td>1.00%</td><td>154,669,037</td></tr>
<tr><td>After issuance of 7,025,226 Shares under the Program</td><td>0.956%</td><td>161,694,263</td></tr>
<tr><td colspan="4">WHY IS THIS PROSPECTUS BEING PRODUCED?</td></tr>
<tr><td>Use and estimated net amount of the proceeds</td><td colspan="3">The information contained in Part I, Section D, “Use and estimated net amount of the proceeds” of the Prospectus is replaced with the following:
Hypothetically, assuming that all 7,025,226 Shares remaining available for issuance under the Program would be purchased by the independent agents participating in the Program, and taking into account a Share price of $8.99 (90% of a hypothetical Share price of $9.99 which was the closing price of the Shares on March 15, 2024), then the gross proceeds of the Company in connection with the offer under the Program pursuant to this prospectus would be $63,156,781.70. After deducting approximately $155,000 in legal and accounting expenses in connection with the offer, the net proceeds would be $63,001,781.70.
However, in reality, the Company does not expect to issue all the Shares it is authorized to issue under the Program. The net proceeds from the issuance of Shares over the life of the Program will depend on the level of independent agent participation.
The net proceeds will be used for general corporate purposes.</td></tr>
</table>

THE FOLLOWING INFORMATION IS NOT PART OF THE SUPPLEMENT SUMMARY

PART II — SUPPLEMENT

SECTION A — RISK FACTORS

The information contained in Part II, Section A, "Risks Factors" of the Prospectus is replaced with the following:

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

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

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

Categories of Risk Factors	Considered particularly material
1. Risks Related to the Company's Industries	
Our profitability is tied to the strength of the residential real estate market, which is subject to a number of general business and macroeconomic conditions beyond our control.	*
Monetary policies of the U.S. federal government and its agencies may have a material adverse impact on our operations.	*
The introduction and integration of emerging technologies into the real estate industry and any delay or inability to successfully integrate such technologies into our business or the businesses of our real estate professionals could result in competitive harm.	*
Home inventory levels may result in excessive or insufficient supply, which could negatively impact home sale transaction growth.	
Material decreases in the average brokerage commission rate, due to conditions beyond our control, could materially adversely affect our financial results.	

Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of successive quarters difficult.	
General changes in consumer attitudes and behaviors could negatively impact home sale transaction volume.	
Home sale transaction volume can be impacted by natural disasters and other climate-related interruptions.	
2. Risks Related to the Company's General Business and Operations	
Loss of our current executive officers or other key management could significantly harm our business.	*
Our international operations are subject to risks not generally experienced by our U.S. operations.	*
Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.	*
We may be unable to attract and retain additional qualified personnel.	
Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.	
We may not be able to utilize a portion of our net operating loss or research tax credit carryforwards, which may adversely affect our profitability.	
We could be subject to changes in tax laws and regulations that may have a material adverse effect in our business.	
We may be unable to effectively and efficiently manage growth in our business.	
Our business could be adversely affected if we are unable to expand, maintain and improve the systems and technologies which we rely on to operate or fail to adopt and integrate new technologies.	
We intend to evaluate acquisitions, mergers, joint ventures or investments in third-party technologies and businesses, but we may not realize the anticipated benefits from and may have to pay substantial costs related to, any acquisitions, mergers, joint ventures, or investments that we undertake.	
Failure to protect intellectual property rights could adversely affect our business.	
We are actively and intend to continue, developing new products and services complementary to our brokerage business and our failure to accurately predict their demand or growth could have an adverse effect on our business.	

3. Risks Related to the Company's Real Estate Business	
Inflation and rising interest rates have and may continue to contribute to declining real estate transaction volumes, which have and may continue to materially impact operating results, profits and cash flows.	*
We may be unable to maintain our agent growth rate, which would adversely affect our revenue growth and results of operations.	*
Any reduction in the Company's portion of the commission revenue from property sales transactions could harm our financial performance.	*
Our value proposition for agents and brokers includes allowing them to participate in the revenues of our Company and is not typical in the real estate industry. If agents and brokers do not understand our value proposition, we may not be able to attract, retain and incentivize agents.	*
If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities our long-term prospects and profitability will be harmed.	
Negligence or willful misconduct of independent real estate professionals affiliated with our Company owned brokerages could materially and adversely affect our reputation and subject us to liability.	
4. Risks Related to the Company's Virbela Business	
We may continue to experience a decline in demand for the application-based Virbela platform and may not be able to leverage our costs to achieve profitability in our Virbela business.	
5. Risks Related to Legal and Regulatory Matters	
We are subject to certain risks related to legal proceedings filed by or against us and adverse results may harm our business and financial condition.	*
Adverse outcomes in litigation and regulatory actions against other companies and agents in our industry could adversely impact our financial results.	*
We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, county and foreign governmental authorities, or private associations and governing boards.	
We offer our independent agents the opportunity to earn additional commissions through our revenue sharing plan, which pays under a multi-tiered compensation structure similar in some respects to network marketing. Network marketing is subject to intense government scrutiny and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect our business.	
We may suffer significant financial harm and loss of reputation if we do not comply, cannot comply, or are alleged to have not complied with applicable laws, rules and regulations concerning our classification and compensation practices for the agents in our owned-and-operated brokerage.	

We are and may, in the future, be blocked from or limited in providing our agent compensation plans in certain jurisdictions and may be required to modify our business model in those jurisdictions as a result.	
If we fail to protect the privacy and personal information of our customers, agents or employees, we may be subject to legal claims, government action and damage to our reputation.	
SUCCESS Lending and SUCCESS Franchising are relatively new business initiatives with regulatory and compliance risks, many of which are beyond our control.	
6. Risks Related to the Company's Stock	
Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant shareholder, own a significant percentage of our stock and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for our shares may be depressed and they can significantly influence actions that may be adverse to the interests of our other stockholders.	*
Because we can issue additional Shares and because we issue stock under equity incentive plan, our stockholders may experience dilution in the future.	*
The stock price of the Shares has been and likely will continue to be volatile and may decline in value regardless of our performance.	*
Until July 31, 2023, we were a "controlled company" within the meaning of Nasdaq rules and, as a result, we qualified for and relied on, exemptions from certain corporate governance requirements. Under applicable Nasdaq rules, we qualify for and intend to rely on certain phase-in periods to comply with the previously exempt governance requirements.	
Because we may not pay any cash dividends on the Shares in the near future, our stockholders may not be able to receive a return on their shares unless they sell them.	
Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.	
7. Risks Related to the risk of the loss of fair value resulting from adverse changes in market rates and prices	
We are exposed to foreign exchange rate fluctuation due to our international operations.	

I. RISKS RELATED TO THE COMPANY'S INDUSTRIES

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

Our profitability is closely related to the strength of the residential real estate market, which is cyclical in nature and typically is affected by changes in national, state and local economic conditions, which are beyond our control. Macroeconomic conditions that could adversely impact the growth of the real estate market and have a material adverse effect on our business include, but are not limited to, economic slowdown or recession, increased unemployment, increased energy costs, reductions in the availability of credit or higher interest rates, increased costs of obtaining mortgages, an increase in foreclosure activity, inflation, disruptions in capital markets, declines in the stock market, adverse tax policies or changes in other regulations, lower consumer confidence, lower wage and salary levels, war, terrorist attacks or other geopolitical and security issues, including Russia's ongoing war with Ukraine, the conflict between Israel and Hamas and rising tensions between China and Taiwan, natural disasters or adverse weather events, or the public perception that any of these events may occur. Unfavorable general economic conditions, such as a recession or economic slowdown, in the U.S., Canada, or other markets we enter and operate within, could negatively affect the affordability of and consumer demand for, our services, which could have a material adverse effect on our business and profitability. In addition, international, federal and state governments, agencies and government-sponsored entities such as Fannie Mae, Freddie Mac and Ginnie Mae could take actions that result in unforeseen consequences to the real estate market or that otherwise could negatively impact our business.

Monetary policies of the U.S. federal government and its agencies may have a material adverse impact on our operations.*

The U.S. real estate market is substantially reliant on the monetary policies of the U.S. federal government and its agencies and is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S., which, in turn impacts interest rates. Our business could be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of home sale transactions may decrease as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home. Similarly, in higher interest rate environments, potential homebuyers may choose to rent rather than pay higher mortgage rates. Changes in the interest rate environment and mortgage market are beyond our control and are difficult to predict and, as such, could have a material adverse effect on our business and profitability.

The introduction and integration of emerging technologies into the real estate industry and any delay or inability to successfully integrate such technologies into our business or the businesses of our real estate professionals could result in competitive harm.*

The real estate brokerage industry is susceptible to disruption by emerging technologies, particularly artificial intelligence and machine learning. Integrating advancements like natural language processing, artificial intelligence, and machine learning is vital for optimizing efficiency and reducing operational costs for real estate brokerages, professionals, and clients. These tools have the potential to streamline operations, enhance client interactions, and provide insights derived from vast data sets. These emerging technologies may also allow for new industry entrants and new industry platforms that compete with existing industry brokerages, including the Company, and agents and such new entrants and platforms could offer solutions that are more cost-effective, efficient, or user-friendly, and which may change broker, agent, and client expectations. Delays in embracing and integrating these AI-driven technologies could adversely impact existing industry participants to compete or risk displacement of traditional real estate offerings and services. If we and our affiliated real estate professionals are unable to provide enhancements and new features and efficiencies for our existing offerings or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed.

Home inventory levels may result in excessive or insufficient supply, which could negatively impact home sale transaction growth.

Home inventory levels have been meaningfully declining or increasing in certain markets and price points in recent years. In both instances, homeowners are more likely to retain their homes for longer periods of time, resulting in a negative impact on home sale volume growth. Insufficient home inventory levels can cause a reduction in housing affordability, which can result in potential homebuyers deferring entry or reentry into the residential real estate market. Alternatively, excessive home inventory levels can contribute to a reduction in home values, which can result in some potential home sellers deferring entry into the residential real estate market. These inventory trends are caused by many pressures outside of our control, including slow or accelerated new housing construction, macroeconomic conditions, including rising interest rates and inflation, real estate industry models that purchase homes for long-term rental or corporate use and other market conditions and behavioral trends discussed herein. The U.S. home inventory levels have been low throughout 2023 and 2022. Continuing constraints on home inventory levels may adversely impact the volume of home sale transactions closed by our brokers and agents and, as such, could have a material adverse effect on our business and profitability.

Material decreases in the average brokerage commission rate, due to conditions beyond our control, could materially adversely affect our financial results.

There are many factors that contribute to average broker commission rates that are beyond our control. Factors that can contribute to a material decrease in brokerage commissions include regulation, litigation (including pending litigation described elsewhere in this Supplement), the rise of certain competitive brokerage or non-traditional competitor modes, an increase in the popularity of discount brokers and agents, increased adoption of flat fees, commission models with more competitive rates, rebates or lower commission rates on transactions, adverse outcomes of pending antitrust litigation across our industry, as well as other competitive factors. The average broker commission rate for a real estate transaction is a key determinant of our profitability and a material decrease in brokerage commission rates could have a material adverse effect on our business and profitability.

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

Seasons and weather traditionally impact the real estate industry. Continuous poor weather or natural disasters negatively impact listings and sales. Spring and summer seasons historically reflect greater sales periods in comparison to fall and winter seasons. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our operating income, net income, operating margins and cash flow.

Real estate listings precede sales and a period of poor listings activity will negatively impact revenue. Past performance in similar seasons or during similar weather events can provide no assurance of future or current performance and macroeconomic shifts in the markets we serve can conceal the impact of poor weather or seasonality.

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

General changes in consumer attitudes and behaviors could negatively impact home sale transaction volume.

The real estate market is affected by changes in consumer attitudes and behaviors, including as a result of changing attitudes toward and behaviors related to home ownership. Certain real estate markets have or may experience a decline in homeownership based on changing social behaviors, including as a result of declining marriage and birth rates. Because of these changing attitudes and behaviors, consumers may be more or less likely to prefer renting a home versus purchasing a home. In the event consumer attitudes and behaviors in any of our markets cause a declining interest in home purchasing, it may adversely impact the volume of home sale transactions closed by our brokers and agents and, as such, could have a material adverse effect on our business and profitability.

Home sale transaction volume can be impacted by natural disasters and other climate-related interruptions.

Natural disasters are occurring more frequently and/or with more intense effects and may impact general population trends. Areas afflicted by natural disasters may experience a decline in home sale transaction volume due to home destruction and/or general population movement out of the afflicted area, and the risk of non-insurability against such disasters. Such events can make it difficult or impossible for home owners and builders to sell their homes and result in slowdowns in home sale transaction volume. Additionally, the risk of non-insurability may disqualify certain prospective homebuyers whether due to heightened mortgage underwriting requirements or the perceived risk of loss to the homebuyer. Because the real estate industry relies on home sale transactions, climate crises can exacerbate negative financial results for real estate companies operating in particularly affected areas.

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

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

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

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

We have operations in Canada, the United Kingdom ("**U.K.**"), Australia, France, India, Mexico, Portugal, South Africa, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai. Our international operations are subject to risks not generally experienced by our U.S. operations. The risks involved in our international operations and relationships that could result in losses against which we are not insured and, therefore, affect our profitability include:

- fluctuations in foreign currency exchange rates;
- exposure to local economic conditions and local laws and regulations;
- employment laws that are significantly different that U.S. laws;
- diminished ability to legally enforce our contractual rights and use of our trademarks in foreign countries;
- difficulties in registering, protecting or preserving trade names and trademarks in foreign countries;
- restrictions on the ability to obtain or retain licenses required for operations;
- withholding and other taxes on third-party cross-border transactions as well as remittances and other payments by subsidiaries;
- onerous requirements, subject to broad interpretation, for indirect taxes and income taxes that can result in audits with potentially significant financial outcomes;

- changes in foreign taxation structures;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, or similar laws of other countries; and
- regional and country specific data protection and privacy laws including the European Union's General Data Protection Regulation ("**GDPR**").

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

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

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

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

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

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

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

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

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

As of December 31, 2023, we had federal, state and foreign net operating losses carryforward due to prior years' losses. Pre-fiscal 2018 certain state and foreign net operating losses will carry forward for a limited number of years. Federal, as well as some state and foreign net operating losses generated in and after fiscal 2018 do not expire and can be carried forward indefinitely. We also have recorded federal research tax credits for the years 2020-2023 which will carry forward for 20 years and are expected to be fully utilized before expiration. A nominal portion of our net operating loss may expire, increasing future income tax liabilities which may adversely affect our profitability.

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

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

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

Our effective tax rate could increase due to several factors, including: changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates; changes in tax laws, tax treaties, and regulations or the interpretation of them, including the U.S. Tax Cuts and Jobs Act of 2017 (the "**Tax Act**") which requires research and experimental expenditures attributable to research conducted in the United States to be capitalized as of January 1, 2022 and amortized over a five-year period or expenditures attributable to research conducted outside the United States to be amortized over a fifteen-year period; the Inflation Reduction Act of 2022 which imposes a one-percent non-deductible excise tax on repurchases of stock that are made by U.S. publicly traded corporation after December 31, 2022; changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; the outcome of current and future tax audits, examinations or administrative appeals; and limitations or adverse findings regarding our ability to do business in some jurisdictions.

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

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

We may struggle to manage growth in our business efficiently. Failing to scale our operations to meet the increasing demands of our real estate professionals could negatively impact our performance. As we onboard more real estate professionals, the need to enhance our systems, integrate third-party systems, and maintain infrastructure becomes vital. Any delay in these upgrades can lead to system issues and reduced satisfaction among our real estate professionals. This could deter existing and potential professionals from associating with our Company. Expanding our systems efficiently may be challenging and also poses inherent risks, and we cannot guarantee timely and effective implementation. Such efforts might lead to decreased revenues and margins, impacting our financial results.

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

As the number of agents and brokers in our company grows, our success will depend on our ability to expand, maintain and improve the technology that supports our business operations, including, but not limited to, our cloud office platform, as well as our ability to adopt and integrate new technologies, including, but not limited to, machine learning and artificial intelligence solutions. Loss of key personnel or the lack of adequate staffing with the requisite expertise and training could impede our efforts in this regard. If we do not adopt and offer new in-demand technologies and/or if our systems and technologies lack capacity or quality sufficient to service agents and their clients, then the number of agents who wish to use our products could decrease, the level of client service and transaction volume afforded by our systems could suffer and our costs could increase. In addition, our competitors or other third parties may incorporate artificial intelligence and emerging technologies into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. Additionally, artificial intelligence algorithms and other emerging technologies may be flawed and datasets underlying such technologies may be insufficient or contain biased information. If the new technologies integrated into our products or that we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected.

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

As part of our business and growth strategy, we evaluate acquisitions of, or investments in, a wide array of potential strategic opportunities, including third-party technologies and businesses, as well as other real estate brokerages. If we are not able to effectively integrate acquired businesses and assets or successfully execute joint venture strategies, our operating results and prospects could be harmed. Since 2019, we have acquired new technology and operations and entered into various joint venture arrangements. We will continue to look for opportunities to acquire technologies or operations that we believe will contribute to our growth and development. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete and integrate acquisitions. The success of our future joint venture strategies will depend on our ability to identify, negotiate, complete and successfully manage and grow joint ventures with other parties. In addition, acquisitions and joint ventures could cause potentially dilutive issuances of equity securities or incurrence of debt.

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

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

Our failure to address these risks or any other challenges we encounter with our future acquisitions, joint ventures and investments could cause us to not realize all or any of the anticipated benefits of such acquisitions, mergers, joint ventures or investments, incur unanticipated liabilities and harm our business, which could negatively impact our operating results, financial condition and cash flows.

Failure to protect intellectual property rights could adversely affect our business.

Our intellectual property rights, including existing and future trademarks, trade secrets, patents and copyrights, are important assets of the business. We have taken measures to protect our intellectual property, but these measures may not be sufficient or effective. We may bring lawsuits to protect against the potential infringement of our intellectual property rights and other companies, including our competitors, could make claims against us alleging our infringement of their intellectual property rights. There can be no assurance that we would prevail in such lawsuits. Any significant impairment of our intellectual property rights could harm our business.

We are actively, and intend to continue, developing new products and services complementary to our brokerage business and our failure to accurately predict their demand or growth could have an adverse effect on our business.

We are actively and intend in the future to continue, investing resources in developing new technology, services, products and other offerings complementary to our brokerage business. New business initiatives are inherently risky and may involve unproven business strategies and markets with which we have limited or no prior development or operating experience. Risks from these new initiatives include those associated with potential defects in the design, ongoing development and maintenance of technologies, reliance on data or user inputs that may prove inadequate or unavailable, failure to design products and services in a way that is more effective or affordable than competing third-party products and services and failure to scale businesses as they grow, among others. As a result of these risks, we could experience increased legal claims, reputational damage, financial loss or other adverse effects, which could be material. We can provide no assurance that we will be able to efficiently or effectively develop, commercialize and achieve market acceptance of new products and services. Additionally, the human and financial capital committed to develop new products and services may either be insufficient or result in expenses that exceed the revenue actually originated from these new products and services. In addition, our efforts to develop new products and services could distract management from current operations and could divert capital and other resources from our existing business, including our brokerage business. Failure to achieve the expected benefits of our investments may occur and could harm our business.

III. RISKS RELATED TO THE COMPANY'S REAL ESTATE BUSINESS

Inflation and rising interest rates have and may continue to contribute to declining real estate transaction volumes, which have and may continue to materially impact operating results, profits and cash flows.*

Inflation and rising interest rates have generally impacted real estate transaction volumes in the U.S., Canada and other international markets. In 2022 and 2023, the Company has experienced declining transaction volume, which has had an impact on operating results. If we are not able to organically grow our market share, to offset the declining transactions, our operating results, profits and cash flow may be materially impacted in the event interest rates stay level or continue to rise. The Company believes that it continues to be well positioned for growth in the current economic climate, due to our strong base of agent support, and the superior agent value proposition enabled by our efficient operating model, with lower fixed costs and no brick-and-mortar locations, but we cannot provide assurances that our operating results or cash flows will not be materially impacted by the macroeconomic factors.

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

During the year ended December 31, 2023, our agent and broker base grew to 87,515 agents and brokers, or by 2%, from 86,203 agents and brokers as of December 31, 2022. Because we derive revenue from real estate transactions in which our brokers and agents receive commissions, the amount and rate of growth of our revenue typically correlate to the amount and rate of growth of our agent and broker base, respectively. The rate of growth of our agent and broker base cannot be predicted and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. We cannot provide assurances that we will be able to maintain or increase our recent agent growth rate or that our agent and broker base will continue to expand in future periods. A slowdown in our agent growth rate would have a material adverse effect on revenue growth and could adversely affect our business, results of operations, financial condition and cash flows.

Any reduction in the Company's portion of the commission revenue from property sales transactions could harm our financial performance.*

Our industry faces intense competition for real estate professionals, and our efforts to attract and retain real estate sales agents and brokers may continue to put upward pressure on our commissions and related costs. For example, the Company competes with other brokerages that may have reduced operating margins and access to capital resources permitting them to prioritize market share over profits, as well as the growing popularity of non-traditional platforms such as listing aggregators, which may put additional pressure on our commissions and related costs. If our brokerage has to pay a larger share of commissions to independent real estate professionals involved in property transactions, or if our commission earnings from these transactions decrease, it could harm the operating margins of our Company.

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

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

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

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

We may implement changes to our business model and operations to improve revenues that cause a disproportionate increase in our expenses or reduce profit margins. For example, we may allocate resources to acquiring lower margin brokerage models and have invested in the development of a mortgage servicing division, a commercial real estate division, a title and escrow company, a mortgage lending company, a personal development company or a continuing education division. Expanding our service offerings could involve significant up-front costs that may only be recovered after lengthy periods of time. The barrier to entry in new real estate markets is low given our cloud-based operating model; however, attempts to pursue new business opportunities could result in a disproportionate increase in our expenses and in reduced profit margins. In addition, expansion into new markets and business lines, including internationally, could expose us to additional compliance obligations and regulatory risks. If we fail to continue to grow in the local markets we serve or if we fail to successfully identify and pursue new business opportunities, our long-term prospects, financial condition and results of operations may be harmed and our stock price may decline.

Negligence or willful misconduct of independent real estate professionals affiliated with our Company owned brokerages could materially and adversely affect our reputation and subject us to liability.

Our Company-owned brokerage operations rely on the performance of independent real estate professionals. If the independent real estate professionals engage in poor quality services, negligent or willful misconduct, our image and reputation could be materially adversely affected. In addition, we could also be subject to litigation and regulatory claims arising out of their actions, which if adversely determined, could materially and adversely affect us, our operations, and our financial condition. To mitigate these risks, we have executed contractual agreements with our real estate professionals that mandate compliance with applicable laws and adherence to our established policies and procedures, and stipulate potential liabilities for agents in the event of contractual breaches.

IV. RISKS RELATED TO THE COMPANY’S VIRBELA BUSINESS

We may continue to experience a decline in demand for the application-based Virbela platform and may not be able to leverage our costs to achieve profitability in our Virbela business.

The virtual reality industry, encompassing 3D immersive experiences, is in a constant state of flux due to swift technological advancements, shifting industry standards, and evolving consumer preferences. During 2023, we experienced declining demand for our application-based Virbela platform. This decline can be attributed to several factors, including the post-COVID shift back to in-person work, increased focus on artificial intelligence solutions, including virtual reality solutions that incorporate artificial intelligence, and uncertainty in the adoption of 3D immersive office solutions. While platforms like our web-accessible Frame are emerging, the sustainability of such cloud-based 3D office environments as replacements for traditional offices remains uncertain. Given these dynamics, it's challenging for us to assure profitability in our Virbela operations, despite our efforts to optimize costs.[1]

[1] During the fourth quarter of 2023, the Company performed an assessment of goodwill. The Company determined that the goodwill associated with Virbela, the Company’s technology segment, was impaired. During the impairment evaluation, the Company determined that the projection for future cash flows associated with Virbela had declined significantly resulting from the post-COVID 19 work environment of return to the office and hybrid work initiatives globally, as well as the increase in the demand for artificial intelligence solutions. Based on this determination, the Company determined that the estimated fair value was significantly lower than the book value of Virbela and the goodwill associated with Virbela should be impaired. As a result of the impairment test, the Company recognized an impairment charge of $8,248 for goodwill in the fourth quarter of 2023. The Company did not recognize any impairment of goodwill for the years ended December 31, 2022 and 2021.

V. RISKS RELATED TO LEGAL AND REGULATORY MATTERS

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

We are subject to risk of and are from time to time involved in, or may in the future be subject to, claims, suits, government investigations and proceedings arising from our business, including actions with respect to securities, intellectual property, privacy, information security, data protection or law enforcement matters, tax matters, labor and employment, including claims challenging the classification of our agents and brokers as independent contractors and compliance with wage and hour regulations and claims alleging violations of the U.S. Real Estate Settlement Procedures Act ("**RESPA**")or state consumer fraud statutes and commercial arrangements. We are also subject to risk related to stockholder derivative actions, standard brokerage disputes like the failure to disclose hidden defects in a property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including our agents, brokers, third-party service or product providers and purported class action lawsuits. Such litigation and other proceedings may include, but are not limited to, the currently pending antitrust litigation as disclosed in Part II - Section B.7.3 of this Supplement to the consolidated financial statements included elsewhere within this Annual Report. A substantial unsatisfied judgment against us or one of our subsidiaries could result in bankruptcy, which would materially and adversely affect our business and operating results.

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

From time to time, we may become involved in lawsuits and legal proceedings which arise in the ordinary course of business. Except as set forth in Part II - Section B.7.3 of this Supplement to the consolidated financial statements included elsewhere within this Annual Report, we are not involved in any material pending legal proceedings and there are no proceedings in which any of our directors, officers or affiliates is an adverse party or has a material interest adverse to our interest.

Adverse outcomes in litigation and regulatory actions against other companies and agents in our industry could adversely impact our financial results.*

Adverse outcomes in legal and regulatory actions against other companies, brokers, and agents in the residential and commercial real estate industry may adversely impact the financial condition of the Company and our real estate brokers and agents when those matters relate to business practices shared by the Company, our real estate brokers and agents, or our industry at large. Such matters may include, without limitation, RESPA, Telephone Consumer Protection Act of 1991 and state consumer protection law, antitrust and anticompetition, and worker classification claims. Additionally, if plaintiffs or regulatory bodies are successful in such actions, this may increase the likelihood that similar claims are made against the Company and/or our real estate brokers and agents which claims could result in significant liability and be adverse to our financial results if we or our brokers and agents are unable to distinguish or defend our business practices.

As an example, in the matter of *Burnett v. National Association of Realtors* (U.S. District Court for the Western District of Missouri), a federal jury found the National Association of Realtors ("**NAR**") and certain other remaining brokerage defendants liable for $1.8 billion in damages related to allegations of breach of federal and state antitrust laws, which matter remains subject to final court approval. Additionally, certain other brokerage defendants settled with the plaintiffs, including both monetary and non-monetary settlement terms, which also remain subject to final court approval. Since that time, the Company has been named in multiple putative class action complaints making substantially similar allegations and seeking substantially similar relief. The Company is vigorously defending those lawsuits.

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

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

In general, the laws, rules and regulations that apply to our business practices include, without limitation, the RESPA, the federal Fair Housing Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank Act**"), the U.S. Securities Exchange Act of 1934, as amended, and federal advertising and other laws, as well as comparable state statutes; rules of trade organizations such as NAR, local multiple listing services ("**MLSs**") and state and local Associations of Realtors; licensing requirements and related obligations that could arise from our business practices relating to the provision of services other than real estate brokerage services, including without limitation, our mortgage lending services; privacy regulations relating to our use of personal information collected from the registered users of our websites; laws relating to the use and publication of information through the internet; and state real estate brokerage and mortgage lending licensing requirements, as well as statutory due diligence, disclosure, record keeping and standard-of-care obligations relating to these licenses.

Additionally, the Dodd-Frank Act contains the Mortgage Reform and Anti-Predatory Lending Act ("**Mortgage Act**"), which imposes a number of additional requirements on lenders and servicers of residential mortgage loans, by amending certain existing provisions and adding new sections to RESPA and other federal laws. It also broadly prohibits unfair, deceptive or abusive acts or practices and knowingly or recklessly providing substantial assistance to a covered person in violation of that prohibition. The penalties for noncompliance with these laws are also significantly increased by the Mortgage Act, which could lead to an increase in lawsuits against mortgage lenders and servicers.

As we expand our business in international markets, including new and existing international markets, we are subject to additional foreign governmental regulation. Ensuring compliance with these newly applicable laws could substantially increase our operating expenses. In addition, entry into these new markets exposes us to increased risk and liability. A violation of any of these applicable laws could have a material adverse effect on our business.

Maintaining legal compliance is challenging and increases our costs due to resources required to continually monitor business practices for compliance with applicable laws, rules and regulations and to monitor changes in the applicable laws themselves.

We may not become aware of all the laws, rules and regulations that govern our business, or be able to comply with all of them, given the rate of regulatory changes, ambiguities in regulations, contradictions in regulations between jurisdictions and the difficulties in achieving both company-wide and region-specific knowledge and compliance.

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

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

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

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

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

In the United States, the Federal Trade Commission (“**FTC**”) has entered into several highly publicized settlements with network marketing companies that required those companies to modify their compensation plans and business models. Those settlements resulted from actions brought by the FTC involving a variety of alleged violations of consumer protection laws, including misleading earnings representations by the companies' independent distributors, as well as the legal validity of the companies' business model and distributor compensation plans. FTC determinations such as these have created an ambiguity regarding the proper interpretation of the law and regulations applicable to network marketing companies in the U.S. Although a consent decree between the FTC and a specific company does not represent judicial precedent, FTC officials have indicated that the network marketing industry should look to these consent decrees and the principles contained therein, for guidance. Additionally, following the issuance of these consent decrees, the FTC issued non-binding guidance to the network marketing industry, suggesting it intended to reinforce the principles contained in the consent decrees and provide other operational guidance to the network marketing industry.

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

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

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

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

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

***We are and may, in the future, be blocked from or limited in providing our agent compensation plans in certain jurisdictions and may be required to modify our business model in those jurisdictions as a result*.**

Our agent compensation plans represent a key lever in our strategy to attract and retain independent agents and brokers and are subject to various international, federal, state, territorial and local laws, rules and regulations which differ in each of our existing and future markets. As a result, we are and may, in the future, be blocked from or limited in providing each of our agent compensation plans in certain markets. In addition, these laws, rules and regulations are subject to judicial and agency interpretation and it might be determined that our agent compensation plans are not permitted to be offered to independent contractors. In response to such limitations, we have and may, in the future, be required to modify our agent compensation practices in such markets. Failure to comply with applicable law, rules and regulations or failure to subsequently modify our business model in certain jurisdictions to effectively attract and retain agents and brokers could negatively affect our business, results of operations or financial condition. The costs attributable to developing compliant agent compensation plans can be significant and could adversely affect our financial condition.

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

Hundreds of thousands of consumers, independent contractors and employees have shared personal information with us during the normal course of our business processing real estate transactions. This includes, but is not limited to, Social Security numbers, annual income amounts and sources, consumer names, addresses, telephone and cell phone numbers and email addresses. To run our business, it is essential for us to store and transmit this sensitive information in our systems and networks. At the same time, we are subject to numerous laws, regulations and other requirements that require businesses like ours to protect the security of personal information, notify customers and other individuals about our privacy practices and limit the use, disclosure, or transfer of personal data across country borders. Regulators in the U.S. and abroad continue to enact comprehensive new laws or legislative reforms imposing significant privacy and cybersecurity restrictions. The result is that we are subject to increased regulatory scrutiny, additional contractual requirements from corporate customers and heightened compliance costs. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. For example, the European Union's GDPR conferred new and significant privacy rights on individuals (including employees and independent agents) and materially increased penalties for violations. In the U.S., California enacted the California Consumer Privacy Act ("**CCPA**") — which went into full effect in 2021 — imposing new and comprehensive requirements on organizations that collect and disclose personal information about California residents. In March 2017, the New York Department of Financial Services' cybersecurity regulation went into effect, requiring regulated financial institutions to establish a detailed cybersecurity program. Program requirements include corporate governance, incident planning, data management, system testing, vendor oversight and regulator notification rules. Now, other state regulatory agencies are expected to enact similar requirements following the adoption of the Insurance Data Security Model Law by the National Association of Insurance Commissioners that is consistent with the New York regulation.

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

We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition. For example, we have and may continue to incorporate new technologies such as machine learning and artificial intelligence into our processes and systems, which are under increased regulatory scrutiny. We may be required to change our platforms and services due to new laws and/or decisions related to emerging technologies which may decrease our operational efficiency and/or hinder our ability to improve our services.

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

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

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

SUCCESS Lending and SUCCESS Franchising are relatively new business initiatives with regulatory and compliance risks, many of which are beyond our control.

Both the SUCCESS Lending joint venture and SUCCESS Franchising business, both launched in 2021, have limited operating histories and have encountered and will continue to encounter risks, uncertainties, difficulties and expenses, including, without limitation, ongoing compliance with a complex and evolving regulatory environment. 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 and financial condition may be harmed.

VI. RISKS RELATED TO THE COMPANY'S STOCK

Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant stockholder, own a significant percentage of the Shares and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for the Shares may be depressed and they can significantly influence actions that may be adverse to the interests of our other stockholders.*

On January 12, 2024, Glenn Sanford and Penny Sanford filed an amended Schedule 13D with the SEC, which disclosed that they beneficially owned approximately 45.73% of the outstanding Shares as of November 30, 2023 and that they had agreed to vote their shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote. This significant concentration of share ownership may adversely affect the trading price for the Shares because investors may perceive disadvantages in owning stock in a company with a stockholder group holding a significant number of the Shares. The group can significantly influence all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, due to his significant ownership stake and his service as our Chief Executive Officer and Chairman of the Board, Mr. Sanford significantly influences the management of our business and affairs. This concentration of ownership and influence could have the effect of delaying, deferring, or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to our other stockholders.

Because we can issue additional Shares and because we issue stock under equity incentive plan, our stockholders may experience dilution in the future.*

We are authorized to issue up to 900,000,000 Shares, of which 183,606,708 Shares were issued and 154,669,037 Shares were outstanding as of December 31, 2023. Additionally, the Company maintains a 2015 Equity Incentive Plan from which employees, agents, brokers and certain service providers of the Company and its affiliates can receive awards of the Shares. As of December 31, 2023, there were 88,596,220 Shares registered and authorized under the 2015 Equity Incentive Plan, of which 20,760,284 are available for future issuance. The Board has the authority to cause us to issue additional Shares without consent of any of our stockholders, subject to applicable Nasdaq listing rules. Consequently, current stockholders may experience more dilution in their ownership of the Shares in the future.

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

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

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

- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actual or potential changes in laws, regulations and regulatory interpretations;
- changes in interest rates;
- changes in demographics relating to housing such as household formation or other consumer preferences toward home ownership;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- the filing of and/or adverse resolution of new or pending litigation or regulatory proceedings against us; and
- changes in general market, economic and political conditions in the United States and global economies.

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

Until July 31, 2023, we were a "controlled company" within the meaning of Nasdaq rules and, as a result, we qualified for and relied on, exemptions from certain corporate governance requirements. Under applicable Nasdaq rules, we qualify for and intend to rely on certain phase-in periods to comply with the previously exempt governance requirements.

Until July 31, 2023, we qualified as a "controlled company" within the meaning of Nasdaq corporate governance standards and, accordingly, we qualified for and from time-to-time relied on exemptions to certain governance requirements. Under Nasdaq rules, a company may phase-in to compliance with certain governance requirements after ceasing to be a "controlled company", including the requirement that we have a compensation committee that is composed entirely of independent directors within a year of losing controlled company status.

We are presently using this exemption. As a result, our compensation committee will not consist entirely of independent directors in the immediate future. Consequently, our stockholders do not presently have the same protection afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance rules and requirements. Our reliance on this exemption could make our common stock less attractive to some investors or otherwise harm the Share price.

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

On August 4, 2021, the Board declared and subsequently paid its first cash dividend. The Company then declared and paid subsequent dividends during each quarter of the fiscal year ended December 31, 2023. There is no assurance that future dividends will be paid and if dividends are paid, there is no assurance with respect to the amount of any such dividend. The declaration, payment and amount of any future dividends will be made at the discretion of the Board and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements and other factors as the Board considers relevant. Unless we pay dividends, our stockholders will not be able to receive a return on their Shares unless they sell them.

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

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

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power to a majority of the Board to fix the number of directors;
- provide the power to the Board to fill any vacancy on the Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- eliminate the ability of stockholders to call special meetings of stockholders; and
- establish advance notice requirements for nominations for election to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

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

VII. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk relates to the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments and our results of operations. While we are exposed to market risk from foreign currency and exchange rate fluctuation, we do not have significant exposures to interest rate changes or commodity prices nor do we expect to have significant exposure to interest rate changes or commodity prices in the foreseeable future.

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

Foreign Currency Risk

The majority of our net sales, expenses and capital purchases were transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation existed due to our operations in Canada, the U.K., Australia, France, India, Mexico, Portugal, South Africa, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai albeit each individually and in the aggregate to a small extent. As of December 31, 2023, our largest international operations were in Canada. Based on fiscal 2023 performance, a hypothetical appreciation or decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would have an immaterial impact on operating income. The individual impacts to the operating income of hypothetical currency fluctuations in the Canadian dollar have been calculated in isolation from any potential responses to address such exchange rate changes in our other foreign markets. Our exposures to foreign currency risk related to our other operations in our other international locations were immaterial and have been excluded from this analysis.

Our investments in the net assets of our international operations were also subject to currency risk. As of December 31, 2023, the impacts of translations of foreign-denominated net assets of our international operations were immaterial to the Company's consolidated financial statements. The translation impacts related to the net assets of our international operations are recorded within accumulated other comprehensive income. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

SECTION B — SUPPLEMENTAL INFORMATION CONCERNING THE COMPANY AND THE PROGRAM

II. ELIGIBILITY

2.4 Discontinuance of Participation of Participants

Under the Program, independent agents can enroll each month, starting on the first business day of the month. Eligible independent agents who enroll and participate in the Program are referred to as "**Participants**." Shares will be purchased on behalf of Participants at the end of each month. Once enrolled, Participants do not need to re-enroll for the subsequent offerings and are automatically participating to the next Monthly Offerings (unless Participants withdraw as further explained below) so that Shares will be purchased at the end of each month for these Participants without them taking any further actions.

Participants have a right to withdraw from participating in the Program as a consequence of the Supplement. Pursuant to Article 23 of the Prospectus Regulation, where the prospectus relates to an offer of securities to the public, investors who have already agreed to purchase or subscribe for the securities before the supplement is published shall have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first.

Therefore, Participants or independent agents who have enrolled in the Program during the Supplement Period, will have the right, exercisable within two working days after the publication of the Supplement, i.e., until March 29, 2024 (included), to withdraw their acceptances by completing a new Election Form, available by request at stock@exprealty.net, indicating his or her intention to withdraw from the Program. Such new Election Form should be submitted to stock@exprealty.net.

The Participants' right to withdraw from the Program will expire on March 29, 2024 at 11:59 pm PT (Pacific Time Zone). If a Participant completes the withdrawal process by this date and hour and no Share purchase has been made on behalf of Participant, his/her outstanding Contributions will be returned to Participant within 30 days from submitting the Participant's withdrawal Election Form to stock@exprealty.net and no Share purchase will be made on his/her behalf. If a Participant completes the withdrawal process by this date and Shares have been purchased on the behalf of Participant, Participant will be required to return the Shares purchased on his/her behalf during the Supplement Period once credited on the Participant's individual account at the Broker and Participant's Contributions used to purchased such Shares will be returned to Participant within 30 days from submitting the Participant's withdrawal Election Form to stock@exprealty.net.

As mentioned above, regardless of the withdrawal right related to the publication of the Supplement, Participants may withdraw from the Program at any time by completing a new Election Form indicating his or her intention to withdraw from the Program as set forth in Part II – Section B - 2.4 (Discontinuance of Participation of Participants) of the Prospectus.

IV. RIGHTS RELATED TO THE SHARES

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

The information contained in Part II, Section B.4.1, "Type and the Class of the Securities Being Offered, Including the Security Identification Code" of the Prospectus has been updated as follows:

As of February 22, 2024, the Company was authorized to issue 900,000,000 Shares. As of December 31, 2023, there were 154,669,037 Shares outstanding. There have been no material changes in the number of Shares issued and outstanding since that date. The term of the Shares is unlimited.

4.5 Rights Attached to the Securities

The information contained in Part II, Section B.4.5, "Dividend Rights" of the Prospectus is replaced with the following:

Dividend Rights. On August 4, 2021, the Board declared and subsequently paid its first cash dividend. The Company then declared and paid subsequent dividends during each quarter of the fiscal year ended December 31, 2023. On February 14, 2024, the Board approved a cash dividend of $0.05 per Share to be paid on March 29, 2024 to stockholders of record on March 8, 2024. The ex-dividend date is expected to be on or around March 7, 2024. The dividend will be paid in cash. The Company has not paid cash dividends on its Shares in previous periods, including during the year ended December 31, 2020. Payment of cash dividends is at the discretion of the Board in accordance with applicable law after taking into account various factors, including the Company's financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, the Company can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that the Company will pay any future dividends to its common stockholders, or as to the amount of any such dividends.

V. INFORMATION ON THE COMPANY

5.1 Business Overview

Description of Business

The information contained in Part II, Section B.5.1, "Description of Business" of the Prospectus is replaced with the following:

The Company owns and oversees a diversified portfolio of service-oriented businesses. These businesses significantly benefit from the integration of our advanced enabling technology platform. Our strategic focus is on expanding our real estate brokerage operations. To achieve this, we emphasize enhancing the value proposition for our agents, investing in the development of immersive, cloud-based technological solutions, and offering affiliate and media services that bolster these efforts.

The following developments in our business since the beginning of the fiscal year ended December 31, 2023:

- During 2023, the Company announced various new agent incentive programs to enhance the agent experience and to attract culturally aligned agents, teams of agents and independent brokerages to the Company. New incentive programs include Boost, Accelerate, and Thrive, which offer unique financial incentives.

- In 2023, the Company launched various new ancillary programs and services to support the development and success of its agents, brokers and customers, including the continued global expansion of eXp Luxury™, Military Rewards Program, Listing Kits, Bundle Select™, eXp Exclusives™, My Link My Lead™, and affiliate relationships like HomeHunter™.

- Additional talent joined the Company in 2023, including the appointment of Peggie Pelosi to our Board of Directors in January 2023 and the appointment of Fred Reichheld to our Board of Directors in September 2023.

On March 11, 2024, eXp Realty, the core subsidiary of the Company, announced its 2023 revenue share and agent equity distribution statistics, underscoring its competitive compensation framework as a catalyst for ongoing agent expansion. The Company paid agents and brokers over $230 million in revenue share and equity benefits in 2023.

Segment Information

The information contained in Part II, Section B.5.1, "Operating Segments" and "Geographical Information" of the Prospectus is replaced with the following:

Segment information aligns with how the Chief Operating Decision Maker ("**CODM**"), Glenn Sanford, Chief Executive Officer of eXp World Holdings, Inc. and eXp Realty, LLC, a wholly owned subsidiary of the Company ("**eXp Realty**") manages the business and allocates resources as four operating segments. The Company determines an operating segment if a component (i) engages in business activities from which it earns revenues and incurs expenses, (ii) has discrete financial information and is (iii) regularly reviewed by the CODM. Once operating segments are identified, the Company performs a quantitative analysis of the current and historic revenues and profitability for each operating segment, together with a qualitative assessment to determine if operating segments have similar operating characteristics. We have four operating segments and four reportable segments.

The CODM uses revenues and Adjusted Segment EBITDA as key metrics to evaluate the operating and financial performance of a segment, identify trends affecting the segments, develop projections and make strategic business decisions. Adjusted Segment EBITDA for the reportable segments is defined as operating profit (loss) plus depreciation and amortization and stock-based compensation expenses. The Company's four reportable segments as follows:

- North American Realty: includes real estate brokerage operations in the United States and Canada, as well as lead-generation and other real estate support services provided in North America.
- International Realty: includes real estate brokerage operations in all other international locations.
- Virbela: includes the enterprise application-based Virbela platform and web-based Frame platform and the support services offered by eXp World Technologies.
- Other Affiliated Services: includes our SUCCESS® Magazine and other smaller ventures.

The Company also reports corporate expenses, as further detailed below, as "Corporate and other" which include expenses incurred in connection with business development support provided to the agents as well as resources, including administrative, brokerage operations and legal functions.

All segments follow the same basis of presentation and accounting policies as those described throughout the Notes to the Audited Consolidated Financial Statements included herein. The following table provides information about the Company's reportable segments and a reconciliation of the total segment Revenues to consolidated Revenues and Adjusted Segment EBITDA to the consolidated operating profit (in thousands). Financial information for the comparable prior periods presented have been revised to conform with the current year presentation.

	Revenues		
	Year Ended December 31,		
	2023	2022	2021
North American Realty	$ 4,220,063	$ 4,552,938	$ 3,745,354
International Realty	53,931	35,924	17,804
Virbela	7,284	8,485	8,615
Other Affiliated Services	4,802	5,084	2,896
Revenues reconciliation:			

Segment eliminations	(4,975)	(4,270)	(3,499)
Consolidated revenues	$ 4,281,105	$ 4,598,161	$ 3,771,170

	Adjusted EBITDA		
	Year Ended December 31,		
	2023	2022	2021
North American Realty	$ 91,101	$ 103,255	$ 116,800
International Realty	(13,657)	(13,708)	(9,138)
Virbela	(5,725)	(9,642)	(12,637)
Other Affiliated Services	(3,795)	(2,600)	(3,322)
Corporate expenses and other	(10,376)	(16,756)	(13,708)
Consolidated Adjusted EBITDA	$ 57,548	$ 60,549	$ 77,995
Operating (Loss) Profit Reconciliation:			
Depreciation and amortization expense	10,892	9,838	6,248
Impairment expense	9,203	-	-
Stock compensation expense	43,178	30,861	24,493
Stock option expense	10,736	14,442	13,102
Consolidated operating (loss) profit	($ 16,461)	$ 5,408	$ 34,152

	Goodwill	
	December 31, 2023	December 31, 2022
North American Realty	$ 14,595	$ 16,577
International Realty	-	-
Virbela	-	8,248
Other Affiliated Services	2,387	2,387
Segment total	16,982	27,212
Corporate and other	-	-
Consolidated total	$ 16,982	$ 27,212

Geographical information

For the years ended December 31, 2023, 2022 and 2021 approximately 9%, 9% and 8%, respectively, of the Company's total revenue was generated outside of the U.S. Long-lived assets held outside of the U.S. were 14% and 6% as of December 31, 2023 and 2022, respectively.

The Company's CODM does not use segment assets to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

Government Regulation

The information contained in Part II, Section B.5.1, "Government Regulation" of the Prospectus is replaced with the following:

See Part II - Section B.7.3 of this Supplement to the consolidated financial statements included elsewhere within this Annual Report for additional information on the Company's legal proceedings. For additional information with respect to related risks facing our business, see Part II – Section "Risk Factors" included elsewhere within this Supplement.

Legal and Regulatory Environment

All of our businesses, as well as our joint ventures (such as mortgage origination, title underwriting, and ancillary agent support services), operate in highly regulated industries and are subject to changes in government policy, variations in the interpretation and enforcement of laws by regulatory bodies and other government entities, and modifications to existing laws, regulatory frameworks, and guidelines.

Residential Real Estate

We primarily serve the residential real estate industry, which is regulated by federal, international, state, provincial and local laws and authorities as well as private associations or state-sponsored associations or organizations. Further, lawsuits, investigations, disputes and regulatory proceedings against us or other professionals or businesses in the residential real estate industry and tangential industries may impact the Company and its affiliated real estate professionals when the outcomes of those cases address practices common to the broader industry, business community, or the Company and may result in litigation or investigations for the Company.

We are a participant in MLSs through our subsidiary entities, employees, and affiliated real estate professionals. Many of our affiliated real estate professionals are members of the NAR and state Realtor associations. The regulations, rules and policies of these organizations are subject to change, which changes can be influenced by regulatory developments, litigation, and other actions.

From time to time, certain industry practices come under federal or state scrutiny or are the subject of litigation. The industry is currently experiencing increased scrutiny by private parties, regulators and other government offices, both on a federal and state level, particularly in the areas of antitrust and competition, RESPA compliance (and similar state statutes), Telephone Consumer Protection Act compliance ("**TCPA**") (and similar state statutes) and worker classification.

RESPA

RESPA, along with various state and international real estate laws, governs the payments and referrals associated with residential sales and settlement services, such as mortgages, title insurance, and home insurance. These laws may impose limitations on arrangements involving our real estate brokerage, affiliated real estate professionals, lead generation efforts, and the businesses of our joint ventures, in addition to mandating timely disclosure about such relationships. While RESPA and similar statutes allow for certain payments, fee splits, and affiliated business arrangements, compliance can be challenging due to varying interpretations by courts and regulators. Violations can result in significant penalties, including fines and legal fees, particularly where RESPA and similar statutes have been invoked by plaintiffs in private litigation for various purposes. Additionally, we're bound by state laws that restrict inducements and gifts to consumers, affecting our lead-generation efforts.

Antitrust

Our business is subject to various antitrust and competition laws, including the Sherman Antitrust Act, the Federal Trade Commission Act, the Clayton Act, and other related federal, state, and provincial laws in the jurisdictions in which we operate. These laws prevent anti-competitive behaviors such as price-fixing and other conduct that unreasonably restrains trade and competition.

In 2021, the Department of Justice ("**DOJ**") withdrew its consent to a November 2020 proposed settlement with NAR concerning alleged anti-competitive practices in real estate. While the DOJ dismissed its lawsuit against NAR in July 2021, it indicated a broader investigation into NAR's activities. In November 2021, NAR modified its rules to implement most of the changes the DOJ settlement sought. In January 2023, a court set aside the DOJ's new investigative demand related to NAR. The indirect and direct effects, if any, of this action upon the real estate industry are not yet clear.

While anti-competition enforcement has intensified across industries, there is a unique focus on the real estate industry in the United States and Canada. For example, the White House issued an Executive Order in July 2021 identifying real estate brokerages and listings as an area of focus. In 2018, a joint workshop by the DOJ and FTC addressed potential competition issues in the residential real estate sector which could be the subject of future enforcement actions.

As disclosed in Part II - Section B.7.3 of this Supplement to the consolidated financial statements included elsewhere within this Annual Report, we are a defendant in certain antitrust class action complaints which allege violations of federal antitrust law in the United States and Canada. These lawsuits, together with similar lawsuits against other businesses in our industry, have prompted discussion of regulatory changes to rules established by local or state real estate boards or MLSs. The resolution of the antitrust litigation and/or other regulatory changes may require changes to our or our brokers' business models, including changes in agent and broker compensation. This could reduce the fees we receive from our affiliated real estate professionals, which, in turn, could adversely affect our financial condition and results of operations.

Internationally, our operations are also subject to laws against improper payments, including the U.S. Foreign Corrupt Practices Act and similar global regulations.

Worker Classification

Except for certain employees who have an active real estate license or in jurisdictions with unique local laws, our real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, we are subject to the Internal Revenue Service regulations, foreign regulations and applicable state and provincial law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation. We continue to monitor these matters as well as related federal and state developments.

Cybersecurity and Data Privacy Regulations

Our business necessitates collecting and handling sensitive personal data, and we are governed by various domestic and international privacy and cybersecurity laws. For example, in the U.S., we are required to comply with the Gramm-Leach-Bliley Act, which governs the disclosure and safeguarding of consumer financial information, as well as state statutes governing privacy and cybersecurity matters like the CCPA. California further strengthened privacy regulations with the California Privacy Rights Act in 2020, effective January 1, 2023, introducing more stringent requirements and creating a dedicated enforcement agency. Other states have enacted or are considering their own privacy laws. Internationally, the GDPR grants extensive privacy rights and enforces strict penalties for non-compliance. With the E.U.-U.S. Privacy Shield being invalidated in 2020, businesses have turned to alternative mechanisms like standard contractual clauses for data transfer. Additionally, global data privacy regulations continue to evolve.

For additional information with respect to related risks facing our business, see Part II – Section A - Risk Factors in this Supplement, in particular under the caption "Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business."

TCPA

The TCPA limits specific telemarketing actions, such as autodialing and using artificial voice messages, and has established a national Do-Not-Call registry. The TCPA has a broad definition of autodialing and mandates written consent for some communications to mobile phones. Some states have, or might introduce, their own versions of the TCPA. We are susceptible to class action claims suggesting we're responsible for contacts made by our real estate professionals.

Environmental Regulation

The Company operates in a cloud-based model which gives us an insignificant physical geographical footprint. Due to this, we are not materially impacted by any environmental regulation. However, sustainable investing and environmental, social, and governance practices continue to be the focus of increased regulatory scrutiny across jurisdictions. In the U.S., the SEC has proposed climate disclosure rules to require public issuers to include enhanced disclosure regarding corporate climate-related information in their periodic reports and registration statements. Such information would include climate-related risks that are reasonably likely to have a material impact on an issuer's business or results of operations, as well as certain climate-related financial statement metrics. In addition, we expect state laws and regulations regarding these topics to continue to evolve and impose new and additional requirements. For example, in October 2023, California enacted a new climate accountability package pursuant to its new Climate Corporate Data Accountability Act that will require annual disclosure of certain greenhouse gas emissions and new Climate-Related Financial Risk Act that will require biennial disclosure of certain climate-related financial risks and mitigation measures, each beginning in 2026, subject to applicable implementing regulations and rulemaking that may impact final scope and compliance timing. Globally, the International Sustainability Standards Board and applicable sustainability disclosure standards impact how national regulators and governance bodies approach these and related topics.

Other Regulation

We operate in multiple geographies and industries which subject us to various governmental and non-governmental rules and regulations, including without limitation, franchising, fair trade, health and data privacy rules. As we expand into new businesses and markets, we assign and/or engage appropriate personnel to manage and comply with such requirements.

5.2 Organizational Structure

Subsidiaries

The information contained in Part II, Section B.5.2, "Subsidiaries" of the Prospectus is replaced with the following:

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

Pursuant to Item 601(b)(21)(ii) of U.S. Regulation S-K, the names of other subsidiaries of the Company are omitted because, considered in the aggregate, they would not constitute a significant subsidiary.

Name	Jurisdiction of Organization	Percentage of Ownership by the Company (%)
eXp Realty, LLC	Washington, U.S.A.	100%
eXp Realty of California, Inc.	Washington, U.S.A.	100%
eXp Realty of Connecticut, LLC	Connecticut, U.S.A.	100%
eXp Realty Associates, LLC	Georgia, U.S.A.	100%
eXp Realty of Canada, Inc.	Canada	100%
eXp Realty North, LLC	North Dakota, U.S.A.	100%
eXp International Holdings, Inc.	Delaware, U.S.A.	100%
Zoocasa Realty Inc.	Canada	100%
eXp World Technologies, LLC	Delaware, U.S.A.	100%
SUCCESS Enterprises LLC	Delaware, U.S.A.	100%

Joint Ventures and Variable Interest Entity

The information contained in Part II, Section B.5.2, "Joint Ventures and Variable Interest Entity" of the Prospectus is replaced with the following:

*Variable interest entities ("**VIEs**")*

A company is deemed to be the primary beneficiary of a VIE and must consolidate the entity if the company has both: (i) the power to direct a VIE's activities 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. Joint ventures are typically included in the Other Affiliated Services unless the joint venture specifically supports one of the reportable segments.

The Company has several joint venture investments. As of December 31, 2023, the operations of these joint ventures are not material to the Company's financial position or results of operations.

5.3 Property, Plant and Equipment, Net

The information contained in Part II, Section B.5.3, "Property, Plant and Equipment, Net" of the Prospectus is replaced with the following:

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

(in thousands)	December 31, 2023	December 31, 2022
Computer hardware and software	$ 37,444	$ 34,206
Furniture, fixture and equipment	2,254	20
Total depreciable property and equipment	39,698	34,226
Less: accumulated depreciation	(27,733)	(19,282)
Depreciable property, net	11,965	14,944
Assets under development	1,013	3,207
Property, plant and equipment, net	$ 12,978	$ 18,151

For the years ended December 31, 2023, 2022 and 2021, depreciation expense was $8,352, $7,934 and $4,974, respectively.

VI. SELECTED FINANCIAL INFORMATION

6.1 Selected Financial Data

The information contained in Part II, Section B.6.1, "Selected Financial Data" of the Prospectus is replaced with the following:

The selected consolidated financial data of the Company set out in this prospectus have been prepared in accordance with U.S. GAAP. The following consolidated statements of comprehensive income and the consolidated balance sheets data of the Company for the fiscal years ended December 31, 2023, 2022 and 2021 are derived in part from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's audited consolidated financial statements and notes thereto appearing respectively on pages 26 – 38 and 44 – 65 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 22, 2024 (the "**Company's Form 10-K**"). The selected consolidated balance sheet data as of December 31, 2021, are derived from the Company's audited consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 28, 2023, which is available, free of charge, on the website of the SEC.

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Consolidated Statements of Comprehensive (Loss) Income:			
Revenues [1]	$ 4,281,105	$ 4,598,161	$ 3,771,170
Total operating expenses [2]	4,297,566	4,592,753	3,737,018
Operating (loss) income [3]	(16,461)	5,408	34,152
Total other (income) expense, net	(3,026)	820	480
Income tax (benefit) expense [4]	(4,462)	(10,836)	(47,487)
Net (loss) income 5	(8,973)	15,424	81,159
Net income attributable to noncontrolling interest	—	18	61
Net (loss) income attributable to eXp World Holdings, Inc.	(8,973)	15,442	81,220
(Loss) earnings per share			
Basic	(0.06)	0.10	0.56
Diluted	(0.06)	0.10	0.51
Weighted average shares outstanding			
Basic	153,232,129	151,036,110	146,170,871
Diluted	153,232,129	156,220,165	157,729,374

	As of December 31,		
Consolidated Balance Sheets Data:	**2023**	**2022**	**2021**
Cash and cash equivalents	126,864	121,594	108,237
Total assets	385,668	381,682	413,826
Total liabilities	141,660	132,690	190,293
Equity	244,008	248,992	223,533

	Year Ended December 31,		
Consolidated Statements of Cash Flows:	**2023**	**2022**	**2021**
Net cash provided by operating activities	209,131	210,535	246,892
Net cash used in investing activities [6]	(13,503)	(22,461)	(18,923)
Dividends declared and paid	(28,519)	(25,229)	(11,548)
Net cash used in financing activities	(184,089)	(204,514)	(179,924)
Cash, cash equivalents and restricted cash, ending balance	$ 170,884	$ 159,383	$ 175,910

(1) The Company's total revenues were $4.3 billion in 2023 compared to $4.6 billion in 2022, a decrease of ($317.1) million, or (7)%. Total revenues decreased primarily as a result of lower volume of real estate brokerage commissions, which is attributable to a decrease of overall real estate transactions and lower home sales prices in the Company's markets, partially offset by growth in the Company's agent base, compared to 2022.

(2) 2023 includes impairment charges for goodwill and amortizable intangible assets of $9.2 million related to the Virbela segment.

(3) Operating loss in 2023 reflects lower revenue and impairment charges, partially offset by reduced operating costs.

(4) The Company's provision for income taxes amounted to a benefit of ($4.5) million, a benefit decrease of $6.4 million for the year ended December 31, 2023. The decrease in income tax benefit was primarily attributable to the decrease in excess benefit from stock-based compensation in current year and higher non-deductible executive compensation expenses.

(5) Net loss in 2023 reflects lower revenue and impairment charges, partially offset by reduced operating costs and income tax benefit.

(6) For the year ended December 31, 2023, cash used in the Company's investing activities decreased primarily due to a decrease of ($6.7) million in capital expenditures and an increase of $5.4 million invested in unconsolidated subsidiaries in the current year offset by $9.9 million Zoocasa business acquisition in 2022.

There has been no material change to the Company's financial position since December 31, 2023 (the date to which the latest financial information of the Company was prepared).

VII. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS AS OF DECEMBER 31, 2023

The information contained in Part II, Section B.VII, "Statement of Capitalization and Indebtedness as of December 31, 2021" of the Prospectus is replaced with the following:

The following tables set forth the Company's capitalization and indebtedness as of December 31, 2023 and the Company's statement of indebtedness as of December 31, 2023, in accordance with paragraphs 166 and 175 of the Guidelines on disclosure requirements under the Prospectus Regulation issued by the European Securities and Markets Authority (ESMA 32-382-1138 dated March 4, 2021).

7.1 Capitalization and Indebtedness (in thousands - audited)

Total current debt (including current portion of non-current debt)	$	10
- Guaranteed		—
- Secured	$	10
- Unguaranteed / Unsecured	$	—
Total non-current debt (excluding current portion of non-current debt)	$	20
- Guaranteed		—
- Secured	$	—
- Unguaranteed / Unsecured	$	20
Stockholders' equity		
a. Share capital and additional paid-in capital	$	804,835
b. Legal reserve		—
c. Total other reserves	$	(561,996)
- Treasury stock, at cost: 28,937,671 shares held at December 31, 2023	$	(545,559)
- Accumulated deficit	$	(16,769)
- Accumulated other comprehensive income	$	332
Total equity	$	244,008
- Total eXp World Holdings, Inc. stockholders' equity	$	242,839
- Equity attributable to non-controlling interests	$	1,169

There has been no material change to the Company's capitalization and indebtedness since December 31, 2023 (the date to which the latest financial information of the Company was prepared).

7.2 Statement of Indebtedness (in thousands - audited)

A.	Cash	$	80,596
B.	Cash equivalents	$	46,268
C.	Other current financial assets		—
D.	**Liquidity** (A + B + C)	**$**	126,864
E.	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)		10
F.	Current portion of non-current financial debt	$	—
G.	**Current financial indebtedness** (E + F)	**$**	**10**
H.	**Net current financial indebtedness** (G - D)	**$**	**(126,854)**
I.	Non-current financial debt (excluding current portion and debt instruments)	$	20
J.	Debt instruments		—
K.	Non-current trade and other payables	$	—

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L. Non-current financial indebtedness (I + J + K)	**$ 20**
M. Total financial indebtedness (H + L)	**$ (126,834)**

As of December 31, 2023, the Company also had restricted cash of $44,019,611. Restricted cash consists of cash held in escrow by the Company on behalf of real estate buyers. The Company recognizes a corresponding customer deposit liability until the funds are released. Once the cash transfers from escrow, the Company reduces the respective customers' deposit liability.

7.3 Indirect and Contingent Indebtedness

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 noncompliance with contractual or other legal obligations.

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. The Company believes that its defenses and assertions in pending legal proceedings have merit and the Company believes that it has adequately and appropriately accrued for legal matters that are estimable. However, substantial unanticipated judgments, penalties, sanctions, and fines do occur. As a result, the Company could from time to time incur judgments, enter into settlements, or revise its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations in the period in which the amounts are accrued and/or its cash flows in the period in which the amounts are paid.

For the cases described below, management is currently unable to reasonably estimate the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in preliminary stages, (ii) specific damage amounts have not been sought, (iii) damages sought are, in our opinion, unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals or motions in these and similar lawsuits affecting the industry, (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories presented. For the matters described below, we have not recorded any accruals as of December 31, 2023. However, the Company has determined that a material loss is reasonably possible in the near term, and facts could emerge through the course of the lawsuits that lead the Company to determine that a loss is estimable, resulting in an accrued liability that could be material.

Since October 31, 2023, the Company and/or its subsidiaries have been named as defendants in numerous putative class action complaints brought in various U.S. district courts and the Federal Court of Canada relating to antitrust matters, which lawsuits are described below.

The following lawsuits, brought by putative classes of residential property sellers, allege that defendants participated in a system that resulted in sellers of residential property purportedly paying inflated buyer broker commissions in violation of federal and state antitrust laws, as applicable: *Gibson et. al. v. National Association of Realtors et. al.,* Case No. 4:23-cv-00788-FJG (filed in the United States District Court for the Western District of Missouri, Western Division); *1925 Hooper LLC, et al. v. The National Association of Realtors et. al.,* Case No. 1:23-cv-05392- SEG (United States District Court for the Northern District of Georgia, Atlanta Division); *Grace v. The National Association of Realtors, et al.*, Case No. 3:23-cv-06352 (United States District Court for the Northern District of California, San Francisco Division); *Umpa, et al. v.*

The National Association of Realtors et. al., Case No. 4:23-cv-00945 (United States District Court for the Western District of Missouri, Western Division); *Gael Fierro et al. v. The National Association of Realtors, et al.*, Case No. 2:24-cv-00449 (United States District Court for the Central District of California) ("Fierro Litigation"); *Willsim Latham, LLC, et al. v. MetroList Services, Inc., et al.*, Case No. 2:24-at-00067 (United States District Court for the Eastern District of California, Sacramento Division) ("Latham Litigation"); *Kevin McFall v. Canadian Real Estate Association, et al.*, Case No. T-119-24-ID 1 (Federal Court of Canada) ("McFall Litigation"); and *Nathaniel Whaley et al. v. The National Association of Realtors, et al.*, Case No. 2:24-cv-00105 (United States District Court for the District of Nevada) ("Whaley Litigation"). The following lawsuit, brought by a putative class of residential property buyers, alleges that defendants participated in a system that resulted in buyers of residential property purportedly paying inflated home prices as a result of sellers purportedly paying inflated buyer broker commissions in violation of federal and Illinois antitrust laws: *Batton v. Compass, Inc., et. al*., Case No. 1:23-cv-15618 (United States District Court for the Northern District of Illinois, Eastern Division). The plaintiffs in these lawsuits seek a permanent injunction enjoining the defendants from requiring home sellers to pay buyer-broker commissions or from otherwise restricting competition among brokers, an award of declaratory relief and damages or restitution on behalf of certain home sellers or buyers, as applicable, in those states or provinces, as applicable, as well as attorneys' fees and costs of suit. Plaintiffs allege joint and several liability and seek treble or other multiple damages.

The Company and certain of its subsidiaries were named in additional antitrust litigation after December 31, 2023; specifically, the Fierro Litigation, the McFall Litigation, the Latham Litigation, the Whaley Litigation, and the Boykin Litigation.

The Boykin litigation was filed on February 16, 2024 as a putative class action complaint under the caption *Boykin v. The National Association of Realtors, et al.* (Case No. 2:24-cv-00340) in the United States District Court for the District of Nevada, naming as defendants the National Association of Realtors, certain regional Realtor associations, certain regional multiple listing services, certain real estate brokerages, and certain real estate brokerage owners, including eXp World Holdings, Inc. The Boykin Litigation complaint alleges that defendants conspired to restrain trade by causing certain home sellers to pay buyer broker fees and inflated commissions on the sale of homes all in violation of federal antitrust laws and Nevada unfair trade practices laws. The putative class representative seeks to represent a class of persons who paid a commission to a buyer's broker in connection with the sale of a home from February 16, 2020, through the present. Plaintiff, on behalf of herself and the putative class, seeks a permanent injunction enjoining the defendants from engaging in the alleged unlawful acts described in the Boykin Litigation complaint. Plaintiff, on behalf of herself and the putative class, also seeks an award of declaratory relief, damages in an amount to be determined at trial, statutory interest and penalties, and attorneys' fees, expenses and costs of suit.

Each antitrust lawsuit is in the pleadings phase and the Company intends to vigorously defend against all claims. The Company may become involved in additional litigation or other legal proceedings concerning the same or similar claims

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.

Commitments

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.

VIII. WORKING CAPITAL STATEMENT

The information contained in Part II, Section B.VIII, "Working Capital Statement" of the Prospectus is replaced with the following:

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

IX. MAXIMUM DILUTION AND NET PROCEEDS

The information contained in Part II, Section B. IX, "Maximum Dilution and Net Proceeds" of the Prospectus is replaced with the following:

9.1 Maximum Dilution

Assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares that may be issued pursuant to the Program (i.e., 7,025,226), the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of December 31, 2023, i.e., 1,546,690 Shares, and who is not an eligible independent agent participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the issuance of Shares under the Program (as of December 31, 2023)	1.00%	154,669,037
After issuance of 7,025,226 Shares under the Program	0.956%	161,694,263

Assuming that the eligible independent agents participating in the offer would purchase the maximum number of Shares that may be issued pursuant to the Program (i.e., 7,025,226), and based on consolidated equity as of December 31, 2023 and the total number of Shares outstanding as of December 31, 2023, the impact of the issuance of the Shares issuable under the Program on the consolidated equity per outstanding Share of a stockholder of the Company who is not an eligible independent agent participating in the offer, would be as indicated in the following table:

	Consolidated equity per outstanding Shares
Before the issuance of Shares under the Program (as of December 31, 2023)	$1.57(1)
After issuance of 7,025,226 Shares under the Program	$1.89(2)

(1) Based on the total equity as of March 31, 2023, i.e., $244,008,000.

(2) Based the total equity as of December 31, 2023 and the net proceeds as calculated below in Section 9.2.

9.2 Net Proceeds

Hypothetically, assuming that all 7,025,226 Shares remaining available for issuance under the Program would be purchased by the independent agents participating in the Program, and taking into account a Share price of $8.99 (90% of a hypothetical Share price of $9.99 which was the closing price of the Shares on March 15, 2024), then the gross proceeds of the Company in connection with the offer under the Program pursuant to this prospectus would be $63,156,781.70. After deducting approximately $155,000 in legal and accounting expenses in connection with the offer, the net proceeds would be $63,001,781.70.

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

The net proceeds will be used for general corporate purposes.

X. DIRECTORS AND EXECUTIVE OFFICERS

10.1 Directors and Executive Officers

The information contained in Part II, Section B.10.1, "Directors and Executive Officers" of the Prospectus is updated as follows:

On March 14, 2024, upon the recommendation of the Nominating & Corporate Governance Committee ("Committee") of the Board, the Board unanimously voted to reduce the size of the Board, which had previously been set at 7, to 6 members.

Effective as of March 20, 2024, Shoeb Ansari stepped down from his position as Chief Information Officer of the Company and not as a result of any disagreements with the Company. Mr. Ansari's duties have been redistributed to other employees of the Company.

Departure of Director

Mr. Darren Jacklin resigned as a member of the Board of the Company effective September 7, 2023. Mr. Jacklin's resignation is not the result of any disagreement with the Company.

Mr. Jason Gesing, a member of the Board, a member of the Board's Sustainability Committee, and the Company's Chief Industry Relations Officer, resigned as a member of the Board of the Company effective January 10, 2024. Mr. Gesing's resignation is not the result of any disagreement with the Company on any matter relating to its operations, policies or practices. Mr. Gesing will remain employed by the Company in his non-executive officer capacity as the Company's Chief Industry Relations Officer.

Election of Director

On September 1, 2023, the Board unanimously consented to appoint Mr. Frederick Reichheld, 71, as an independent director to the Company's Board to fill the vacancy created by Mr. Jacklin's resignation. Mr. Reichheld's directorship will take effect on September 7, 2023 and he will hold office until the next annual meeting of the Company's stockholders or until his successor is duly elected and qualified, or until his earlier death, resignation or removal. Mr. Reichheld was nominated by a majority of the Board's independent directors after a thorough review of the candidate's background and relevant experience as well as his qualifications as an independent director. The Board believes that Mr. Reichheld is qualified to serve as a director because of his professional and academic experience advising clients on matters of customer, employee, partner and investor loyalty as well as his proven leadership experience. Mr. Reichheld has been named to the Nominating & Corporate Governance Committee and ESG Committee of the Board.

Mr. Reichheld has more than 45 years of experience as a leading expert on customer and employee loyalty. Mr. Reichheld joined Bain & Company, Inc., a global business consulting firm, in 1977, was elected to the partnership of Bain & Company, Inc. in 1982, and was elected as the first Bain Fellow in January 1999, a position he continues to hold currently. Mr. Reichheld is the creator of the Net Promoter® system of management and founded Bain's Loyalty practice, which helps clients achieve superior results through improvements in customer, employee, partner and investor loyalty and has also served in a variety of other roles, including as a member of Bain & Company's Worldwide Management, Nominating, and Compensation Committees. Mr. Reichheld is a frequent speaker to major business forums and groups of CEOs and senior executives worldwide and has authored several books, including Winning on Purpose and The Ultimate Question 2.0. Since 2015, Mr. Reichheld has served as a member of FirstService Corp.'s Board of Directors and currently serves on its Nominating and Corporate Governance Committee. Since 2020, Mr. Reichheld has also served as a member of Bilt, Inc.'s Board of Directors. Mr. Reichheld received his Bachelor of Arts in Economics from Harvard University and his Master of Business Administration from Harvard Business School.

Mr. Reichheld will participate in the Company's standard compensation program available to the Company's non-employee independent directors, which is discussed in the Company's Proxy Statement filed with the Securities and Exchange Commission on April 6, 2023 (Non-Employee Director Compensation – *Independent Director Compensation*), which is incorporated herein by this reference. Pursuant to that program, upon initial appointment to the Board, Mr. Reichheld received a stock option grant of 25,063 shares of the Company's common stock, which will vest monthly in equal installments over three years, subject to his continued service. Additionally, Mr. Reichheld will be eligible to receive cash compensation of $200,000 annually, paid in equal monthly installments.

There are no arrangements or understandings between Mr. Reichheld and any other person, in each case, pursuant to which Mr. Reichheld was appointed to serve on the Board. There are no family relationships between Mr. Reichheld and any other director or executive officer of the Company and there have been no transactions between Mr. Reichheld and the Company in the last fiscal year, and none are currently proposed, that would require disclosure under Item 404(a) of Regulation S-K.

XI. EMPLOYEES

11.1 Overview

The information contained in Part II, Section B.11.1, "Overview" of the Prospectus is replaced with the following:

Our employees, including our brokers and our independent contractor real estate agents, represent the human capital investments imperative to our operations. As of December 31, 2023, the Company had approximately 2,114 full-time equivalent employees and 87,515 real estate agents. Our employees are not members of any labor union and we have never experienced business interruptions due to labor disputes. We also utilize part-time and temporary employees and consultants when necessary; in many of our foreign markets we rely on the use of indirect employment structures where personnel providing certain services to the foreign entities are employed by a contractor of the Company and are not employed by the Company.

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

Talent and Culture: Our business is driven by nine core values of community, sustainability, integrity, service, collaboration, innovation, transparency, agililty and fun. At eXp, these core values are manifested throughout everything we do and support the Company's overall vision and shape our culture. We believe that our ongoing success is attributable in large part to our eXp employees who work across the U.S. and internationally in the cloud environment to support our agent-centric business model and core values. Attracting and retaining employee talent is a high priority for us and we look to hire passionate and driven individuals who want to be a part of our mission to continue to grow the brokerage and our related suite of services. We also value transparency and are committed to an open and accountable workplace where employees are empowered to raise issues. The Company provides multiple channels to speak up, ask for guidance and report concerns. eXp has been named one of the Best Places to Work on Glassdoor for each of the years 2019 through 2023. In 2021, 2022, and 2023, we were named as one of the Top 100 Companies to Watch for Remote Jobs by FlexJobs.

Health & Safety: Our employees operate in a fully remote environment and are located across the U.S. and internationally. During 2023, the Company offered self-defense trainings to real estate agents and brokers attending our annual fall convention and our human resources department expanded existing offerings to support the health and safety of our employees in their remote work environments. The Realtor Safety Taskforce has been established to continue fostering an environment of safety and ensure that all company related activities, events and meetings are planned and executed with safety at the forefront.

Independent Agent and Broker Support: We provide entrepreneurial business opportunities and a competitive compensation structure to our agents and brokers. Additionally, our agents and brokers have a unique choice to attain a greater vested interest in eXp through the acceptance of equity awards in eXp stock as part of their compensation offerings. These programs and our agent support platforms — including training, back-office support and communications — allow agents and brokers to successfully operate their own businesses that are aligned with our strategies and goals, creating synergies across our distribution network. We believe it is critical to our success that agent voices are heard at every level of the Company, including management, whose mission is supported by our Agent Advisory Council and the Board, which includes a rotating agent director seat. Refer to our Agent Advisory Council section of our website at https://expworldholdings.com/agent-advisory-council/ for information on agent participation in the management of eXp. Information contained on our website is not incorporated by reference into this Annual Report.

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

Securities Ownership of Principal Stockholders

The information contained in Part II, Section B.11.2, "Securities Ownership of Principal Stockholders" of the Prospectus is replaced with the following:

The following table shows, as of November 30, 2023 (except as noted otherwise), stockholders known to the Company who beneficially own more than 5% of the outstanding Shares. To the best knowledge of the Company, there has been no material change to the beneficial ownership of the stockholders listed in the table below since November 30, 2023. Beneficial ownership represents sole voting power and investment power. Unless otherwise noted below, the address of each person listed on the table is c/o eXp World Holdings, Inc. at 2219 Rimland Drive, Suite 301, Bellingham, WA 98226, U.S.A.

Name and Address	Amount and Nature of Beneficial Ownership[1]	Percentage of Class
Group of stockholders[2]	70,592,639	45.73%
• *Glenn Sanford*	• *43,608,596*	• *28.25%*
• *Penny Sanford*	• *26,984,043*	• *17.48%*
BlackRock, Inc.	12,349,144[3]	8.00%
The Vanguard Group	12,002,402[4]	7.80%

(1) The information is based on 154,353,642 Shares issued and outstanding as of November 30, 2023. As of December 31, 2023, there were 154,669,037 Shares outstanding. The beneficial ownership of the stockholders listed in the table above has not changed significantly as of December 31, 2023 and the percentage ownership does not change by more than one percent.

(2) In March 2021, Mr. Sanford, Ms. Sanford, Jason Gesing and Eugene Frederick filed a Schedule 13D/A with the SEC indicating that they had entered into an agreement to vote their shares as a group with respect to the election of directors and any other matter on which the Shares are entitled to vote (the "**Voting Group**"). The Voting Group owns a number of Shares sufficient to elect all of the members of the Board without the approval of any other stockholders. On July 31, 2023, Ms. Sanford and Messrs. Sanford and Gesing filed a Schedule 13D/A disclosing that Mr. Frederick was no longer a member of the Voting Group. As of January 10, 2024, Mr. Gesing has elected to no longer vote together with the Voting Group with respect to the election of directors of the Company and on any other matter on which any Shares are entitled to vote. The Voting Group is now comprised solely of Mr. Sanford and Ms. Sanford. Based on information set forth in a Schedule 13D filed with the SEC on January 12, 2024 by Mr. Sanford and Ms. Sanford.

(3) As of December 31, 2023, based on information set forth in a Schedule 13G filed with the SEC on January 25, 2024 by BlackRock, Inc. BlackRock, Inc.'s business address is 50 Hudson Yards, New York, NY 10001, U.S.A.

(4) As of December 29, 2023, based on information set forth in a Schedule 13G/A filed with the SEC on February 13, 2024 by The Vanguard Group. The Vanguard Group's business address is 100 Vanguard Blvd., Malvern, PA 19355, U.S.A.

Because no person or group holds more than 50% of the voting power for the election of the Company's directors, the Company no longer qualifies as a “controlled company” under NASDAQ rules.

11.3 Stock Plans

The information contained in Part II, Section B.11.3, “Stock Plans” of the Prospectus has been updated as follows:

Agent Equity Program

The Company provides agents and brokers the opportunity to elect to receive 5% of commissions earned from each completed residential real estate transaction in the form of Shares at a 10% discount recognized by the Company. If agents and brokers elect to receive portions of their commissions in Shares, they are entitled to receive the equivalent number of Shares, based on the fixed monetary value of the commission payable.

Beginning March 1, 2024, agents and brokers may receive 5% of commissions earned from each completed residential real estate transaction in the form of Shares at a 5% discount recognized by the Company (which was previously 10% discount on all Program purchases before March 1, 2024). Under the Program, agents and brokers that have elected to receive portions of their commissions in Shares are entitled to receive the equivalent number of Shares, based on the fixed monetary value of the commission payable.

For the years ended December 31, 2023, 2022 and 2021, the Company issued 8,897,804, 11,462,940 and 3,645,386 Shares, respectively, to agents and brokers for $135,226, $164,104 and $144,437, respectively, net of discount.

Agent Growth Incentive Program

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

For the years ended December 31, 2023, 2022 and 2021, the Company's stock compensation attributable to the AGIP was $43,178, $30,861 and $24,493, respectively. The total amount of stock compensation attributable to liability classified awards was $3,832, $2,056 and $4,977 for the years ended December 31, 2023, 2022 and 2021, respectively.

Agent Thrive Program

Announced in October 2023, the Thrive program provides a stock incentive to the individual teams of leaders of culturally aligned teams that join the Company as part of the program. After affiliating with the Company, the team leader becomes eligible to receive an award of the Company's common stock through team performance benchmarks. Awards typically vest after production 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 production metrics. As such, the awards are classified as liabilities until the number of share awards becomes fixed once the production metric is achieved.

EXHIBITS

EXHIBIT I

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023, FILED BY EXP WORLD HOLDINGS, INC. WITH THE SEC ON FEBRUARY 22, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 2023**

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)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	**EXPI**	**The Nasdaq Stock Market**

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ **No ☒**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ **No ☒**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Based on the registrant's closing price of $20.28 as quoted on the Nasdaq Stock Market on June 30, 2023, the aggregate market value of the voting and nonvoting common equity held by non-affiliates of eXp World Holdings, Inc. was approximately $1.3 billion. The number of shares of the registrant's $0.00001 par value common stock outstanding as of December 31, 2023 was 154,669,037.

DOCUMENTS INCORPORATED BY REFERENCE The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2023. Portions of such proxy statement are incorporated by reference into Part III of this Form 10-K. Portions of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 are incorporated into Part I, Item 1 and Part II, Item 7, of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report"), the documents incorporated into this Annual Report by reference, and our other public filings contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not based on historical facts but rather represent current expectations and assumptions of future events. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Many of these risks and other factors are beyond our ability to control or predict. Forward-looking statements can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "should," "intend," "may," "will," "could," "can," "would," "potential," "seek," "goal" and similar expressions. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management's expectations, are described in greater detail in Item 1A, "Risk Factors", Item 3, "Legal Proceedings," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 9A. "Controls and Procedures – Inherent Limitations on Effectiveness of Controls of this Annual Report.

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

PART I

Item 1. BUSINESS

General

eXp World Holdings, Inc. (“eXp,” or, collectively with its subsidiaries, the “Company,” “we,” “us,” or “our”) owns and oversees a diversified portfolio of service-oriented businesses. These businesses significantly benefit from the integration of our advanced enabling technology platform. Our strategic focus is on expanding our real estate brokerage operations. To achieve this, we emphasize enhancing the value proposition for our agents, investing in the development of immersive, cloud-based technological solutions, and offering affiliate and media services that bolster these efforts.

The following are developments in our business since the beginning of the fiscal year ended December 31, 2023:

- During 2023, the Company announced various new agent incentive programs to enhance the agent experience and to attract culturally aligned agents, teams of agents and independent brokerages to the Company. New incentive programs include Boost, Accelerate, and Thrive, which offer unique financial incentives.
- In 2023, the Company launched various new ancillary programs and services to support the development and success of its agents, brokers and customers, including the continued global expansion of eXp Luxury™, Military Rewards Program, Listing Kits, Bundle Select™, eXp Exclusives™, My Link My Lead™, and affiliate relationships like HomeHunter™.
- Additional talent joined the Company in 2023, including the appointment of Peggie Pelosi to our Board of Directors in January 2023 and the appointment of Fred Reichheld to our Board of Directors in September 2023.

Business Segments

The Company is operated and managed as four reportable segments which are North American Realty, International Realty, Virbela and Other Affiliated Services. Our business segments bring together related eXp technologies and services to support the success and development of agents, entrepreneurs and businesses and provide them remote business solutions.

North American Realty and International Realty

Both the North American Realty segment and the International Realty segment generate revenue primarily by serving as a licensed broker for the purpose of processing residential and commercial real estate transactions, from which we earn commissions. The Company in turn pays a portion of the commissions earned to the real estate agents and brokers. eXp offers an innovative cloud-based brokerage model, which reduces costs to our agents and brokers. The model features low entry fees, stock ownership opportunities for agents and brokers and a revenue-sharing plan through which agents and brokers can earn commission from transactions conducted by agents and brokers they have attracted to eXp. Our North American Realty segment also includes lead-generation and other real estate support services in North America and Canada. Our International Realty segment includes our foreign operations in the United Kingdom (the “U.K.”), Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland, and Dubai.

Virbela

We operate over the internet and rely on cloud-based technologies to provide our residential real estate brokerage services. Our brokers and agents leverage our technology, services, data, lead generation and marketing tools to represent residential real estate buyers and sellers.

Among other technologies we use to operate our business, our proprietary Virbela® and Frame™ platforms offer metaverse solutions, including 3D, fully immersive, cloud offices. These cloud offices include virtual conference rooms, training centers and individual offices in which our management, employees, agents and brokers all work on a daily basis and, in separate custom settings, in which our customers operate as well, collaborating, socializing and transacting business across geographic regions.

While most Company and customer operations have taken place on the Virbela platform since 2016, many operations have begun to shift to the Frame platform as its development has matured, including its unique capability to operate fully on the web without the requirement for a separate client application. As our customers evolve post-COVID, including a return-to-work-offices, and in light of ongoing internal and external demand for web-accessible platforms and artificial intelligence solutions, we have experienced a decline in demand for our application-based platform, Virbela, and a rising interest our web-accessible platform, Frame.

Other Affiliated Services

Includes key assets such as SUCCESS® magazine and SUCCESS® Coaching, which provide training, classes, resources, and tools to empower our agents, brokers, staff, and general customers to excel and empower their professional development. This segment also includes SUCCESS® Space, a new kind of coworking solution offering highly flexible, on-demand rental work spaces for individual and group use, access to professional development coaching, media production services, virtual-world communications technology and full-service cafes.

Markets and Customers

Real Estate Brokerage: Our clients are primarily residential homeowners and homebuyers in the markets in which we operate as serviced by our international network of independent agents and brokers. These customers are sellers or purchasers of new or existing homes and engage us to aid in the facilitation of the closing of the real estate transaction, including, but not limited to, searching, listing, application processing and other pre- and post-close support. Our experienced agents and brokers are well suited to support our customers' needs with a high level of professionalism, knowledge and support as they endeavor on one of the largest transactions they will most likely experience.

Our North American Realty segment is comprised of operations in the U.S. and Canadian residential real estate markets. Through our network of independent agents and brokers, we have brokerages in all 50 states in the U.S. residential real estate market and residential real estate markets in most of the Canadian provinces. Our North American Realty segment represented 98.6% of total consolidated revenues in 2023.

Our International Realty segment operates in the U.K., Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai. Our International Realty segment represented 1.3% of total consolidated revenues in 2023.

Virbela: Our innovative technologies are used primarily by our brokerage real estate agents and their clients within our U.S., Canadian and international markets. We continue to innovate the Virbela portfolio, expanding the product offering to include and enhance our Frame platform. We have experienced a decline, among internal staff and agent users as well as among external unaffiliated customers, in demand for our application-based platform, Virbela, and an increased demand for our web-accessible platform, Frame.

Other Affiliated Services: We provide affiliated services to our agents, brokers and customers that support their professional efforts and personal betterment. Under its ownership, the Company has built upon SUCCESS® magazine and its related media properties to develop a robust SUCCESS® brand of innovative personal and professional development tools, including SUCCESS® Coaching and SUCCESS® Space.

Competition

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

Residential real estate brokerage companies typically realize revenues in the form of a commission based on a percentage of the price of each home purchased or sold, which varies based on geographical location and specific customer-agent negotiations, among other factors. Therefore, variability in the commissions earned in the real estate industry exists based on general economic and market factors, as well as the price and volume of homes sold. We are positioned to earn commissions on either — or both — of the buy side or sell side of residential real estate transactions, as well as the ability to receive other fees for complementary services provided during the closing process.

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

Resources

Software Development

Our Company continues to increase our investment in the development of our own cloud-based transaction processing platforms and further expand our technological products and service offerings. We continue to create process efficiencies and provide our agents and brokers with technologies designed to facilitate transactions in an efficient and consumer-friendly way. Our operational model and growth strategies necessitate the proprietary technologies used to support our operations now and in the future, as well as requiring us to, at times, consider existing and emerging technology companies for acquisition, partnerships and other collaborative relationships.

Intellectual Property

Our cloud-based real estate brokerage is highly dependent on the proprietary technology that we employ and the intellectual property that we create. “eXp Realty” is one of our registered trademarks in the United States, among other registered and nonregistered trademarks. We also own the rights to key domain names used by our domestic and international brokerages: including, for example, https://exprealty.com and https://exprealty.ca. Additionally, we own registered trademarks and the rights to domain names which are leveraged in our other business segments and in connection with services that complement our real estate brokerage, such as the “SUCCESS” registered trademark and https://success.com. We have also engaged various third parties to extend enterprise licenses for critical transaction management, client relationship management and other proprietary software.

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

Seasonality of Business

Seasons and weather traditionally impact the real estate industry in the markets in which we operate. Spring and summer seasons historically reflect greater sales periods and, in turn, higher revenues and operating results in comparison to fall and winter seasons. The Company has historically experienced higher revenue during the second and third quarters of its fiscal year due in part to seasonal industry patterns. By contrast, our Virbela and Other Affiliated Services segments experience generally consistent revenue during the year, with some increased adoption around the Company’s spring and fall events.

Government Regulation

See *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere within this Annual Report for additional information on the Company’s legal proceedings. For additional information with respect to related risks facing our business, see Item “1A. – Risk Factors” included elsewhere within this Annual Report.

Legal and Regulatory Environment

All of our businesses, as well as our joint ventures (such as mortgage origination, title underwriting, and ancillary agent support services), operate in highly regulated industries and are subject to changes in government policy, variations in the interpretation and enforcement of laws by regulatory bodies and other government entities, and modifications to existing laws, regulatory frameworks, and guidelines.

Residential Real Estate

We primarily serve the residential real estate industry, which is regulated by federal, international, state, provincial and local laws and authorities as well as private associations or state-sponsored associations or organizations. Further, lawsuits, investigations, disputes and regulatory proceedings against us or other professionals or businesses in the residential real estate industry and tangential industries may impact the Company and its affiliated real estate professionals when the outcomes of those cases address practices common to the broader industry, business community, or the Company and may result in litigation or investigations for the Company.

We are a participant in multiple listing services (“MLSs”) through our subsidiary entities, employees, and affiliated real estate professionals. Many of our affiliated real estate professionals are members of the National Association of Realtors (“NAR”) and state Realtor associations. The regulations, rules and policies of these organizations are subject to change, which changes can be influenced by regulatory developments, litigation, and other actions.

From time to time, certain industry practices come under federal or state scrutiny or are the subject of litigation. The industry is currently experiencing increased scrutiny by private parties, regulators and other government offices, both on a federal and state level, particularly in the areas of antitrust and competition, Real Estate Settlement Procedures Act (“RESPA”) compliance (and similar state statutes), Telephone Consumer Protection Act compliance (“TCPA”) (and similar state statutes) and worker classification.

RESPA

RESPA, along with various state and international real estate laws, governs the payments and referrals associated with residential sales and settlement services, such as mortgages, title insurance, and home insurance. These laws may impose limitations on arrangements involving our real estate brokerage, affiliated real estate professionals, lead generation efforts, and the businesses of our joint ventures, in addition to mandating timely disclosure about such relationships. While RESPA and similar statutes allow for certain payments, fee splits, and affiliated business arrangements, compliance can be challenging due to varying interpretations by courts and regulators. Violations can result in significant penalties, including fines and legal fees, particularly where RESPA and similar statutes have been invoked by plaintiffs in private litigation for various purposes. Additionally, we're bound by state laws that restrict inducements and gifts to consumers, affecting our lead-generation efforts.

Antitrust

Our business is subject to various antitrust and competition laws, including the Sherman Antitrust Act, the Federal Trade Commission Act, the Clayton Act, and other related federal, state, and provincial laws in the jurisdictions in which we operate. These laws prevent anti-competitive behaviors such as price-fixing and other conduct that unreasonably restrains trade and competition.

In 2021, the Department of Justice ("DOJ") withdrew its consent to a November 2020 proposed settlement with NAR concerning alleged anti-competitive practices in real estate. While the DOJ dismissed its lawsuit against NAR in July 2021, it indicated a broader investigation into NAR's activities. In November 2021, NAR modified its rules to implement most of the changes the DOJ settlement sought. In January 2023, a court set aside the DOJ's new investigative demand related to NAR. The indirect and direct effects, if any, of this action upon the real estate industry are not yet clear.

While anti-competition enforcement has intensified across industries, there is a unique focus on the real estate industry in the United States and Canada. For example, the White House issued an Executive Order in July 2021 identifying real estate brokerages and listings as an area of focus. In 2018, a joint workshop by the DOJ and FTC addressed potential competition issues in the residential real estate sector which could be the subject of future enforcement actions.

As disclosed in *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere within this Annual Report, we are a defendant in certain antitrust class action complaints which allege violations of federal antitrust law in the United States and Canada. These lawsuits, together with similar lawsuits against other businesses in our industry, have prompted discussion of regulatory changes to rules established by local or state real estate boards or MLSs. The resolution of the antitrust litigation and/or other regulatory changes may require changes to our or our brokers' business models, including changes in agent and broker compensation. This could reduce the fees we receive from our affiliated real estate professionals, which, in turn, could adversely affect our financial condition and results of operations.

Internationally, our operations are also subject to laws against improper payments, including the U.S. Foreign Corrupt Practices Act and similar global regulations.

Worker Classification

Except for certain employees who have an active real estate license or in jurisdictions with unique local laws, our real estate professionals in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, we are subject to the Internal Revenue Service regulations, foreign regulations and applicable state and provincial law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation. We continue to monitor these matters as well as related federal and state developments.

Cybersecurity and Data Privacy Regulations

Our business necessitates collecting and handling sensitive personal data, and we are governed by various domestic and international privacy and cybersecurity laws. For example, in the U.S., we are required to comply with the Gramm-Leach-Bliley Act, which governs the disclosure and safeguarding of consumer financial information, as well as state statutes governing privacy and cybersecurity matters like the California Consumer Privacy Act ("CCPA"). California further strengthened privacy regulations with the California Privacy Rights Act ("CPRA") in 2020, effective January 1, 2023, introducing more stringent requirements and creating a dedicated enforcement agency. Other states have enacted or are considering their own privacy laws. Internationally, the European Union's General Data Protection Regulation ("GDPR") grants extensive privacy rights and enforces strict penalties for non-compliance. With the E.U.-U.S. Privacy Shield being invalidated in 2020, businesses have turned to alternative mechanisms like standard contractual clauses for data transfer. Additionally, global data privacy regulations continue to evolve.

For additional information with respect to related risks facing our business, see Item 1A - Risk Factors in this Annual Report, in particular under the caption "Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business."

TCPA

The TCPA limits specific telemarketing actions, such as autodialing and using artificial voice messages, and has established a national Do-Not-Call registry. The TCPA has a broad definition of autodialing and mandates written consent for some communications to mobile phones. Some states have, or might introduce, their own versions of the TCPA. We are susceptible to class action claims suggesting we're responsible for contacts made by our real estate professionals.

Environmental Regulation

The Company operates in a cloud-based model which gives us an insignificant physical geographical footprint. Due to this, we are not materially impacted by any environmental regulation. However, sustainable investing and environmental, social, and governance practices continue to be the focus of increased regulatory scrutiny across jurisdictions. In the U.S., the SEC has proposed climate disclosure rules to require public issuers to include enhanced disclosure regarding corporate climate-related information in their periodic reports and registration statements. Such information would include climate-related risks that are reasonably likely to have a material impact on an issuer's business or results of operations, as well as certain climate-related financial statement metrics. In addition, we expect state laws and regulations regarding these topics to continue to evolve and impose new and additional requirements. For example, in October 2023, California enacted a new climate accountability package pursuant to its new Climate Corporate Data Accountability Act that will require annual disclosure of certain greenhouse gas emissions and new Climate-Related Financial Risk Act that will require biennial disclosure of certain climate-related financial risks and mitigation measures, each beginning in 2026, subject to applicable implementing regulations and rulemaking that may impact final scope and compliance timing. Globally, the International Sustainability Standards Board and applicable sustainability disclosure standards impact how national regulators and governance bodies approach these and related topics.

Other Regulation

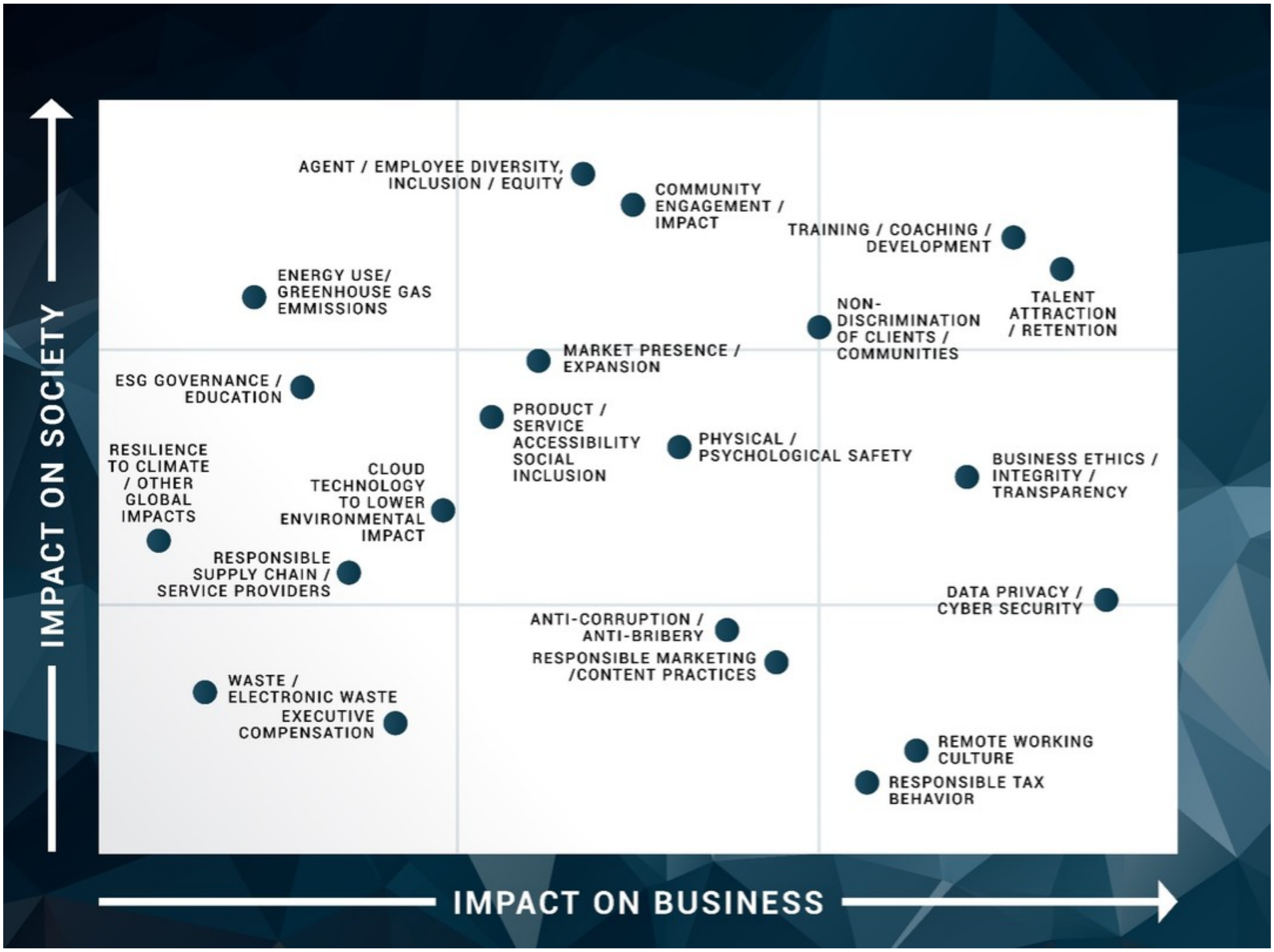
We operate in multiple geographies and industries which subject us to various governmental and non-governmental rules and regulations, including without limitation, franchising, fair trade, health and data privacy rules. As we expand into new businesses and markets, we assign and/or engage appropriate personnel to manage and comply with such requirements.

Environmental, Social and Governance Initiatives

As a company dedicated to disrupting the traditional industry model, eXp understands the importance of ingraining environmental, social and governance (ESG) best practices across the organization. We are committed to running a sustainable business for our agents, their clients, and the greater good of our planet by bringing people together beyond boundaries with advanced collaboration technologies. Our approach leverages the power of community and cloud-based solutions to drive positive impact for people and the environment.

In 2022, we conducted a robust ESG materiality assessment with the assistance of an external consultant, GlobeScan, to identify the material ESG topics that have the greatest impact on the Company's success, which was delivered in January 2023 to our leadership team, employees and agents. In 2023, the Company's Board of Directors created a Sustainability Committee of the Board tasked with overseeing and developing, alongside management, strategies related to the material ESG topics identified in the assessment. We have chosen to focus our efforts on three key pillars that we have termed our "Core Values": empowering people development, building inclusive and equitable communities and advancing climate-positive solutions.

The results of the materiality assessment were provided to the Company's Board and management to identify our key focus areas and to develop a strategy to address the material ESG topics identified in the assessment.



During 2023, the Company had various social initiatives in support of these Core Values, including the following:

- *Empowering People Development:* We are helping people achieve their fullest potential by fostering personal and professional growth through our tools, technology and collaboration. We have continued throughout 2023 to provide tools for productivity and health and wellbeing, for our employees, access to wellness platforms such as Calm, Vitality and Noom, and, for our real estate agents and brokers, providing toolkits for scaling business and entrepreneurship.

- *Building Inclusive and Equitable Communities:* We drive fairness, inclusivity and belonging by supporting diverse groups of clients, agents, brokers and employees, and encouraging them to create a positive impact in their communities through philanthropic initiatives. We are committed to creating an equitable, diverse and inclusive culture for our clients, agents, brokers and employees. Our Employee Experience team operates under the human resources department and supports this mission with diversity, equity and inclusion practices to support employee engagement and global collaboration, including the promotion of ONE eXp, an important vehicle by which we connect diverse agents and brokers with clients identifying as and/or seeking out diverse representation in their home purchase or selling journey.
  In 2023 we established the Realtor Safety Taskforce whose mission is ensuring the utmost safety of our agents while they are representing eXp, including at eXp-sponsored events and meetings, and we provide safe and inclusive workspaces within our virtual world. We also created the Women's Impact Network to further the success, health and wellbeing of our female agents and employees while providing an outlet for diverse and inclusive voices. Our employees, agents and brokers are our best embodiment of the Company's commitment to community as a core value. Many of our employees, agents and brokers are involved in their own communities to support the betterment of lives. We contribute to building equitable communities through the sponsorship of many community initiatives which are well attended by our employees, agents and brokers. The first week of October of each year is designated "I Heart eXp" week and employees, agents and brokers across the U.S. mobilize to take part in community charity initiatives. We

have continued expanding initiatives driven by our 501(c)(3) affiliated nonprofit, eXtend-a-Hand, whose mission is to provide financial assistance to independent agents of the Company who suffer catastrophic events, including, without limitation, natural disasters, illness and accidents and in the case of dependents or designated beneficiaries, the death of their independent agent family member.

- *Advancing Climate-Positive Solutions:* We are paving a responsible path to a better planet through our cloud-based model and will continue to promote, scale, and innovate solutions for a low-carbon economy and more resilient communities. We have reduced our GHGs and environmental impact including server energy, waste and agent travel, while also providing ESG training to all agents and employees and offering products for sustainability. We established an incentive plan for electric vehicles for agents and provided education on sustainable homes and energy efficiency.

We are committed to furthering these goals through targets that will be regularly evaluated to ensure our continued success in meeting the pillars of our core values strategy.

Human Capital

Our employees, including our brokers and our independent contractor real estate agents, represent the human capital investments imperative to our operations. As of December 31, 2023, the Company had approximately 2,114 full-time equivalent employees and 87,515 real estate agents. Our employees are not members of any labor union and we have never experienced business interruptions due to labor disputes. We also utilize part-time and temporary employees and consultants when necessary; in many of our foreign markets we rely on the use of indirect employment structures where personnel providing certain services to the foreign entities are employed by a contractor of the Company and are not employed by the Company.

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

Talent and Culture: Our business is driven by nine core values of community, sustainability, integrity, service, collaboration, innovation, transparency, agile and fun. At eXp, these core values are manifested throughout everything we do and support the Company's overall vision and shape our culture. We believe that our ongoing success is attributable in large part to our eXp employees who work across the U.S. and internationally in the cloud environment to support our agent-centric business model and core values. Attracting and retaining employee talent is a high priority for us and we look to hire passionate and driven individuals who want to be a part of our mission to continue to grow the brokerage and our related suite of services. We also value transparency and are committed to an open and accountable workplace where employees are empowered to raise issues. The Company provides multiple channels to speak up, ask for guidance and report concerns. eXp has been named one of the Best Places to Work on Glassdoor for each of the years 2019 through 2023. In 2021, 2022, and 2023, we were named as one of the Top 100 Companies to Watch for Remote Jobs by FlexJobs.

Health & Safety: Our employees operate in a fully remote environment and are located across the U.S. and internationally. During 2023, the Company offered self-defense training to real estate agents and brokers attending our annual fall convention and our human resources department expanded existing offerings to support the health and safety of our employees in their remote work environments. The Realtor Safety Taskforce has been established to continue fostering an environment of safety and ensure that all company related activities, events and meetings are planned and executed with safety at the forefront.

Independent Agent and Broker Support: We provide entrepreneurial business opportunities and a competitive compensation structure to our agents and brokers. Additionally, our agents and brokers have a unique choice to attain a greater vested interest in eXp through the acceptance of equity awards in eXp stock as part of their compensation offerings. These programs and our agent support platforms — including training, back-office support and communications — allow agents and brokers to successfully operate their own businesses that are aligned with our strategies and goals, creating synergies across our distribution network. We believe it is critical to our success that agent voices are heard at every level of the Company, including management, whose mission is supported by our Agent Advisory Council and our Board of Directors, which includes a rotating agent director seat. Refer to our Agent Advisory Council section of our website at https://expworldholdings.com/agent-advisory-council/ for information on agent participation in the management of eXp. Information contained on our website is not incorporated by reference into this Annual Report.

Available Information

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended (the "Exchange Act"), are filed with the U.S. Securities and Exchange Commission (the "SEC"). Such reports and information for the previous 12 months are available free of charge through our website at www.expworldholdings.com/investors/sec-filings/.

Additionally, the SEC maintains an internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that we file with the SEC at *www.sec.gov*.

Our Company also uses the following channels as a means of disclosing information about the Company on a broad, non-exclusionary basis, including information about our brokerage, upcoming investor and industry conferences, our planned financial and other announcements and other matters and for complying with our disclosure obligations under Regulation FD:

eXp investors website (*www.expworldholdings.com/investors/*)
eXp Realty X Account (*https://x.com/eXpRealty*)
eXp World Holdings X Account (*https://x.com/eXpWorldIR*)
eXp Realty LinkedIn page (*https://www.linkedin.com/company/exp-realty/*)
eXp World Holdings LinkedIn page (*https://www.linkedin.com/company/expworldholdings/*)
eXp Realty Facebook Page (*https://www.facebook.com/eXpRealty*)
eXp World Holdings Facebook Page (*https://www.facebook.com/eXpWorldHoldings*)
eXp Realty Instagram Page (*https://www.instagram.com/eXpRealty_*)
eXp World Holdings Instagram Page (*https://www.instagram.com/eXpWorldHoldings*)

Please note that this list may be updated from time to time. The contents of any website referred to in this Annual Report on Form 10-K are not intended to be incorporated into this Annual Report on Form 10-K or in any other report or document we file with the SEC and any references to our websites are intended to be inactive textual references only.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial may materially adversely affect our business, financial condition or results of operations in future periods. You should carefully consider the risk factors described below, together with all of the other information in this Annual Report, including our consolidated financial statements and notes thereto and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of this Annual Report. Certain statements in this Annual Report are forward-looking statements. See the section of this Annual Report titled “Forward-Looking Statements.”

Risks Related to Our Industries

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

Our profitability is closely related to the strength of the residential real estate market, which is cyclical in nature and typically is affected by changes in national, state and local economic conditions, which are beyond our control. Macroeconomic conditions that could adversely impact the growth of the real estate market and have a material adverse effect on our business include, but are not limited to, economic slowdown or recession, increased unemployment, increased energy costs, reductions in the availability of credit or higher interest rates, increased costs of obtaining mortgages, an increase in foreclosure activity, inflation, disruptions in capital markets, declines in the stock market, adverse tax policies or changes in other regulations, lower consumer confidence, lower wage and salary levels, war, terrorist attacks or other geopolitical and security issues, including Russia’s ongoing war with Ukraine, the conflict between Israel and Hamas and rising tensions between China and Taiwan, natural disasters or adverse weather events, or the public perception that any of these events may occur. Unfavorable general economic conditions, such as a recession or economic slowdown, in the U.S., Canada, or other markets we enter and operate within, could negatively affect the affordability of and consumer demand for, our services, which could have a material adverse effect on our business and profitability. In addition, international, federal and state governments, agencies and government-sponsored entities such as Fannie Mae, Freddie Mac and Ginnie Mae could take actions that result in unforeseen consequences to the real estate market or that otherwise could negatively impact our business.

Monetary policies of the U.S. federal government and its agencies may have a material adverse impact on our operations.

The U.S. real estate market is substantially reliant on the monetary policies of the U.S. federal government and its agencies and is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S., which, in turn impacts interest rates. Our business could be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of home sale transactions may decrease as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home. Similarly, in higher interest rate environments, potential homebuyers may choose to rent rather than pay higher mortgage rates. Changes in the interest rate environment and mortgage market are beyond our control and are difficult to predict and, as such, could have a material adverse effect on our business and profitability.

Home inventory levels may result in excessive or insufficient supply, which could negatively impact home sale transaction growth.

Home inventory levels have been meaningfully declining or increasing in certain markets and price points in recent years. In both instances, homeowners are more likely to retain their homes for longer periods of time, resulting in a negative impact on home sale volume growth. Insufficient home inventory levels can cause a reduction in housing affordability, which can result in potential homebuyers deferring entry or reentry into the residential real estate market. Alternatively, excessive home inventory levels can contribute to a reduction in home values, which can result in some potential home sellers deferring entry into the residential real estate market. These inventory trends are caused by many pressures outside of our control, including slow or accelerated new housing construction, macroeconomic conditions, including rising interest rates and inflation, real estate industry models that purchase homes for long-term rental or corporate use and other market conditions and behavioral trends discussed herein. The U.S. home inventory levels have been low throughout 2023 and 2022. Continuing constraints on home inventory levels may adversely impact the volume of home sale transactions closed by our brokers and agents and, as such, could have a material adverse effect on our business and profitability.

Material decreases in the average brokerage commission rate, due to conditions beyond our control, could materially adversely affect our financial results.

There are many factors that contribute to average broker commission rates that are beyond our control. Factors that can contribute to a material decrease in brokerage commissions include regulation, litigation (including pending litigation described elsewhere in this Annual Report), the rise of certain competitive brokerage or non-traditional competitor modes, an increase in the popularity of discount brokers and agents, increased adoption of flat fees, commission models with more competitive rates, rebates or lower commission rates on transactions, adverse outcomes of pending antitrust litigation across our industry, as well as other competitive factors. The average broker commission rate for a real estate transaction is a key determinant of our profitability and a material decrease in brokerage commission rates could have a material adverse effect on our business and profitability.

The introduction and integration of emerging technologies into the real estate industry and any delay or inability to successfully integrate such technologies into our business or the businesses of our real estate professionals could result in competitive harm.

The real estate brokerage industry is susceptible to disruption by emerging technologies, particularly artificial intelligence and machine learning. Integrating advancements like natural language processing, artificial intelligence, and machine learning is vital for optimizing efficiency and reducing operational costs for real estate brokerages, professionals, and clients. These tools have the potential to streamline operations, enhance client interactions, and provide insights derived from vast data sets. These emerging technologies may also allow for new industry entrants and new industry platforms that compete with existing industry brokerages, including the Company, and agents and such new entrants and platforms could offer solutions that are more cost-effective, efficient, or user-friendly, and which may change broker, agent, and client expectations. Delays in embracing and integrating these AI-driven technologies could adversely impact existing industry participants to compete or risk displacement of traditional real estate offerings and services. If we and our affiliated real estate professionals are unable to provide enhancements and new features and efficiencies for our existing offerings or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed.

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

Seasons and weather traditionally impact the real estate industry. Continuous poor weather or natural disasters negatively impact listings and sales. Spring and summer seasons historically reflect greater sales periods in comparison to fall and winter seasons. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our operating income, net income, operating margins and cash flow.

Real estate listings precede sales and a period of poor listings activity will negatively impact revenue. Past performance in similar seasons or during similar weather events can provide no assurance of future or current performance and macroeconomic shifts in the markets we serve can conceal the impact of poor weather or seasonality.

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

General changes in consumer attitudes and behaviors could negatively impact home sale transaction volume.

The real estate market is affected by changes in consumer attitudes and behaviors, including as a result of changing attitudes toward and behaviors related to home ownership. Certain real estate markets have or may experience a decline in homeownership based on changing social behaviors, including as a result of declining marriage and birth rates. Because of these changing attitudes and behaviors, consumers may be more or less likely to prefer renting a home versus purchasing a home. In the event consumer attitudes and behaviors in any of our markets cause a declining interest in home purchasing, it may adversely impact the volume of home sale transactions closed by our brokers and agents and, as such, could have a material adverse effect on our business and profitability.

Home sale transaction volume can be impacted by natural disasters and other climate-related interruptions.

Natural disasters are occurring more frequently and/or with more intense effects and may impact general population trends. Areas afflicted by natural disasters may experience a decline in home sale transaction volume due to home destruction and/or general population movement out of the afflicted area, and the risk of non-insurability against such disasters. Such events can make it difficult or impossible for home owners and builders to sell their homes and result in slowdowns in home sale transaction volume. Additionally, the risk of non-insurability may disqualify certain prospective homebuyers whether due to heightened mortgage underwriting requirements or the perceived risk of loss to the homebuyer. Because the real estate industry relies on home sale transactions, climate crises can exacerbate negative financial results for real estate companies operating in particularly affected areas.

Risks Related to our General Business and Operations

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

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

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

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

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

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

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

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

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

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

As of December 31, 2023, we had federal, state and foreign net operating losses carryforward due to prior years' losses. Pre-fiscal 2018 certain state and foreign net operating losses will carry forward for a limited number of years. Federal, as well as some state and foreign net operating losses generated in and after fiscal 2018 do not expire and can be carried forward indefinitely. We also have recorded federal research tax credits for the years 2020-2023 which will carry forward for 20 years and are expected to be fully utilized before expiration. A nominal portion of our net operating loss may expire, increasing future income tax liabilities which may adversely affect our profitability.

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

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

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

Our effective tax rate could increase due to several factors, including: changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates; changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Cuts and Jobs Act of 2017 (the "Tax Act") which requires research and experimental expenditures attributable to research conducted in the United States to be capitalized as of January 1, 2022 and amortized over a five-year period or expenditures attributable to research conducted outside the United States to be amortized over a fifteen-year period; the Inflation Reduction Act of 2022 which imposes a one-percent non-deductible excise tax on repurchases of stock that are made by U.S publicly traded corporation after December 31, 2022; changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; the outcome of current and future tax audits, examinations or administrative appeals; and limitations or adverse findings regarding our ability to do business in some jurisdictions.

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

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

We may struggle to manage growth in our business efficiently. Failing to scale our operations to meet the increasing demands of our real estate professionals could negatively impact our performance. As we onboard more real estate professionals, the need to enhance our systems, integrate third-party systems, and maintain infrastructure becomes vital. Any delay in these upgrades can lead to system issues and reduced satisfaction among our real estate professionals. This could deter existing and potential professionals from associating with our Company. Expanding our systems efficiently may be challenging and also poses inherent risks, and we cannot guarantee timely and effective implementation. Such efforts might lead to decreased revenues and margins, impacting our financial results.

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

As the number of agents and brokers in our company grows, our success will depend on our ability to expand, maintain and improve the technology that supports our business operations, including, but not limited to, our cloud office platform, as well as our ability to adopt and integrate new technologies, including, but not limited to, machine learning and artificial intelligence solutions. Loss of key personnel or the lack of adequate staffing with the requisite expertise and training could impede our efforts in this regard. If we do not adopt and offer new in-demand technologies and/or if our systems and technologies lack capacity or quality sufficient to service agents and their clients, then the number of agents who wish to use our products could decrease, the level of client service and transaction volume afforded by our systems could suffer and our costs could increase. In addition, our competitors or other third parties may incorporate artificial intelligence and emerging technologies into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. Additionally, artificial intelligence algorithms and other emerging technologies may be flawed and datasets underlying such technologies may be insufficient or contain biased information. If the new technologies integrated into our products or that we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected.

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

As part of our business and growth strategy, we evaluate acquisitions of, or investments in, a wide array of potential strategic opportunities, including third-party technologies and businesses, as well as other real estate brokerages. If we are not able to effectively integrate acquired businesses and assets or successfully execute joint venture strategies, our operating results and prospects could be harmed. Since 2019, we have acquired new technology and operations and entered into various joint venture arrangements. We will continue to look for opportunities to acquire technologies or operations that we believe will contribute to our growth and development. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete and integrate acquisitions. The success of our future joint venture strategies will depend on our ability to identify, negotiate, complete and successfully manage and grow joint ventures with other parties. In addition, acquisitions and joint ventures could cause potentially dilutive issuances of equity securities or incurrence of debt.

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

- difficulties in integrating and managing the operations and technologies of the companies we acquire, including higher than expected integration costs and longer integration periods;
- diversion of our management’s attention from normal daily operations of our business;
- our inability to maintain the customers, key employees, key business relationships and reputations of the businesses we acquire;
- our inability to generate sufficient revenue or business efficiencies from acquisitions or joint ventures to offset our increased expenses associated with acquisitions or joint ventures;
- our responsibility for the liabilities of the businesses we acquire or gain ownership in through joint ventures, including, without limitation, liabilities arising out of their failure to maintain effective data security, data integrity, disaster recovery and privacy controls prior to the acquisition, their infringement or alleged infringement of third-party intellectual property,

contract or data access rights prior to the acquisition, or failure to comply with regulatory standards applicable to new business lines;

- difficulties in complying with new markets or regulatory standards to which we were not previously subject;
- delays in our ability to implement internal standards, controls, procedures and policies in the businesses we acquire or gain ownership in through joint ventures and increased risk that our internal controls will be ineffective;
- operations in a nascent state depend directly on utilization by eXp Realty agents and brokers and new and existing customers;
- adverse effects of acquisition and joint venture activity on the key performance indicators we use to monitor our performance as a business; and
- inability to fully realize intangible assets recognized through acquisitions or joint ventures and related non-cash impairment charges that may result if we are required to revalue such intangible assets.

Our failure to address these risks or any other challenges we encounter with our future acquisitions, joint ventures and investments could cause us to not realize all or any of the anticipated benefits of such acquisitions, mergers, joint ventures or investments, incur unanticipated liabilities and harm our business, which could negatively impact our operating results, financial condition and cash flows.

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

We have operations in Canada, the U.K., Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland, and Dubai. Our international operations are subject to risks not generally experienced by our U.S. operations. The risks involved in our international operations and relationships that could result in losses against which we are not insured and, therefore, affect our profitability include:

- fluctuations in foreign currency exchange rates;
- exposure to local economic conditions and local laws and regulations;
- employment laws that are significantly different that U.S. laws;
- diminished ability to legally enforce our contractual rights and use of our trademarks in foreign countries;
- difficulties in registering, protecting or preserving trade names and trademarks in foreign countries;
- restrictions on the ability to obtain or retain licenses required for operations;
- withholding and other taxes on third-party cross-border transactions as well as remittances and other payments by subsidiaries;
- onerous requirements, subject to broad interpretation, for indirect taxes and income taxes that can result in audits with potentially significant financial outcomes;
- changes in foreign taxation structures;
- compliance with the Foreign Corrupt Practices Act, the U.K. Bribery Act, or similar laws of other countries; and
- regional and country specific data protection and privacy laws including the European Union’s General Data Protection Regulation (“GDPR”).

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

Failure to protect intellectual property rights could adversely affect our business.

Our intellectual property rights, including existing and future trademarks, trade secrets, patents and copyrights, are important assets of the business. We have taken measures to protect our intellectual property, but these measures may not be sufficient or effective. We may bring lawsuits to protect against the potential infringement of our intellectual property rights and other companies, including our competitors, could make claims against us alleging our infringement of their intellectual property rights.

There can be no assurance that we would prevail in such lawsuits. Any significant impairment of our intellectual property rights could harm our business.

We are actively, and intend to continue, developing new products and services complementary to our brokerage business and our failure to accurately predict their demand or growth could have an adverse effect on our business.

We are actively and intend in the future to continue, investing resources in developing new technology, services, products and other offerings complementary to our brokerage business. New business initiatives are inherently risky and may involve unproven business strategies and markets with which we have limited or no prior development or operating experience. Risks from these new initiatives include those associated with potential defects in the design, ongoing development and maintenance of technologies, reliance on data or user inputs that may prove inadequate or unavailable, failure to design products and services in a way that is more effective or affordable than competing third-party products and services and failure to scale businesses as they grow, among others. As a result of these risks, we could experience increased legal claims, reputational damage, financial loss or other adverse effects, which could be material. We can provide no assurance that we will be able to efficiently or effectively develop, commercialize and achieve market acceptance of new products and services. Additionally, the human and financial capital committed to develop new products and services may either be insufficient or result in expenses that exceed the revenue actually originated from these new products and services. In addition, our efforts to develop new products and services could distract management from current operations and could divert capital and other resources from our existing business, including our brokerage business. Failure to achieve the expected benefits of our investments may occur and could harm our business.

Risks Related to our Real Estate Business

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

During the year ended December 31, 2023, our agent and broker base grew to 87,515 agents and brokers, or by 2%, from 86,203 agents and brokers as of December 31, 2022. Because we derive revenue from real estate transactions in which our brokers and agents receive commissions, the amount and rate of growth of our revenue typically correlate to the amount and rate of growth of our agent and broker base, respectively. The rate of growth of our agent and broker base cannot be predicted and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general. We cannot provide assurances that we will be able to maintain or increase our recent agent growth rate or that our agent and broker base will continue to expand in future periods. A slowdown in our agent growth rate would have a material adverse effect on revenue growth and could adversely affect our business, results of operations, financial condition and cash flows.

Inflation and rising interest rates have and may continue to contribute to declining real estate transaction volumes, which have and may continue to materially impact operating results, profits and cash flows.

Inflation and rising interest rates have generally impacted real estate transaction volumes in the U.S., Canada and other international markets. In 2022 and 2023, the Company has experienced declining transaction volume, which has had an impact on operating results. If we are not able to organically grow our market share, to offset the declining transactions, our operating results, profits and cash flow may be materially impacted in the event interest rates stay level or continue to rise. The Company believes that it continues to be well positioned for growth in the current economic climate, due to our strong base of agent support, and the superior agent value proposition enabled by our efficient operating model, with lower fixed costs and no brick-and-mortar locations, but we cannot provide assurances that our operating results or cash flows will not be materially impacted by the macroeconomic factors.

Any reduction in the Company's portion of the commission revenue from property sales transactions could harm our financial performance.

Our industry faces intense competition for real estate professionals, and our efforts to attract and retain real estate sales agents and brokers may continue to put upward pressure on our commissions and related costs. For example, the Company competes with other brokerages that may have reduced operating margins and access to capital resources permitting them to prioritize market share over profits, as well as the growing popularity of non-traditional platforms such as listing aggregators, which may put additional pressure on our commissions and related costs. If our brokerage has to pay a larger share of commissions to independent real estate professionals involved in property transactions, or if our commission earnings from these transactions decrease, it could harm the operating margins of our Company.

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

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

We may implement changes to our business model and operations to improve revenues that cause a disproportionate increase in our expenses or reduce profit margins. For example, we may allocate resources to acquiring lower margin brokerage models and have invested in the development of a mortgage servicing division, a commercial real estate division, a title and escrow company, a mortgage lending company, a personal development company or a continuing education division. Expanding our service offerings could involve significant up-front costs that may only be recovered after lengthy periods of time. The barrier to entry in new real estate markets is low given our cloud-based operating model; however, attempts to pursue new business opportunities could result in a disproportionate increase in our expenses and in reduced profit margins. In addition, expansion into new markets and business lines, including internationally, could expose us to additional compliance obligations and regulatory risks. If we fail to continue to grow in the local markets we serve or if we fail to successfully identify and pursue new business opportunities, our long-term prospects, financial condition and results of operations may be harmed and our stock price may decline.

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

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

Negligence or willful misconduct of independent real estate professionals affiliated with our Company owned brokerages could materially and adversely affect our reputation and subject us to liability.

Our Company-owned brokerage operations rely on the performance of independent real estate professionals. If the independent real estate professionals engage in poor quality services, negligent or willful misconduct, our image and reputation could be materially adversely affected. In addition, we could also be subject to litigation and regulatory claims arising out of their actions, which if adversely determined, could materially and adversely affect us, our operations, and our financial condition. To mitigate these risks, we have executed contractual agreements with our real estate professionals that mandate compliance with applicable laws and adherence to our established policies and procedures, and stipulate potential liabilities for agents in the event of contractual breaches.

Risks Related to our Virbela Business

We may continue to experience a decline in demand for the application-based Virbela platform and may not be able to leverage our costs to achieve profitability in our Virbela business.

The virtual reality industry, encompassing 3D immersive experiences, is in a constant state of flux due to swift technological advancements, shifting industry standards, and evolving consumer preferences. During 2023, we experienced declining demand for our application-based Virbela platform. This decline can be attributed to several factors, including the post-COVID shift back to in-person work, increased focus on artificial intelligence solutions, including virtual reality solutions that incorporate artificial intelligence, and uncertainty in the adoption of 3D immersive office solutions. While platforms like our web-accessible Frame are emerging, the sustainability of such cloud-based 3D office environments as replacements for traditional offices remains uncertain. Given these dynamics, it's challenging for us to assure profitability in our Virbela operations, despite our efforts to optimize costs.

Risks Related to Legal and Regulatory Matters

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

We are subject to risk of and are from time to time involved in, or may in the future be subject to, claims, suits, government investigations and proceedings arising from our business, including actions with respect to securities, intellectual property, privacy, information security, data protection or law enforcement matters, tax matters, labor and employment, including claims challenging the classification of our agents and brokers as independent contractors and compliance with wage and hour regulations and claims alleging violations of RESPA or state consumer fraud statutes and commercial arrangements. We are also subject to risk related to stockholder derivative actions, standard brokerage disputes like the failure to disclose hidden defects in a property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including our agents, brokers, third-party service or product providers and purported class action lawsuits. Such litigation and other proceedings may include, but are not limited to, the currently pending antitrust litigation as disclosed in *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere within this Annual Report. A substantial unsatisfied judgment against us or one of our subsidiaries could result in bankruptcy, which would materially and adversely affect our business and operating results.

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

From time to time, we may become involved in lawsuits and legal proceedings which arise in the ordinary course of business. Except as set forth in *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere within this Annual Report, we are not involved in any material pending legal proceedings and there are no proceedings in which any of our directors, officers or affiliates is an adverse party or has a material interest adverse to our interest.

Adverse outcomes in litigation and regulatory actions against other companies and agents in our industry could adversely impact our financial results.

Adverse outcomes in legal and regulatory actions against other companies, brokers, and agents in the residential and commercial real estate industry may adversely impact the financial condition of the Company and our real estate brokers and agents when those matters relate to business practices shared by the Company, our real estate brokers and agents, or our industry at large. Such matters may include, without limitation, RESPA, Telephone Consumer Protection Act of 1991 and state consumer protection law, antitrust and anticompetition, and worker classification claims. Additionally, if plaintiffs or regulatory bodies are successful in such actions, this may increase the likelihood that similar claims are made against the Company and/or our real estate brokers and agents which claims could result in significant liability and be adverse to our financial results if we or our brokers and agents are unable to distinguish or defend our business practices.

As an example, in the matter of *Burnett v. National Association of Realtors* (U.S. District Court for the Western District of Missouri), a federal jury found NAR and certain other remaining brokerage defendants liable for $1.8 billion in damages related to allegations of breach of federal and state antitrust laws, which matter remains subject to final court approval. Additionally, certain other brokerage defendants settled with the plaintiffs, including both monetary and non-monetary settlement terms, which also remain subject to final court approval. Since that time, the Company has been named in multiple putative class action complaints making substantially similar allegations and seeking substantially similar relief. The Company is vigorously defending those lawsuits.

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

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

In general, the laws, rules and regulations that apply to our business practices include, without limitation, the Real Estate Settlement Procedures Act ("RESPA"), the federal Fair Housing Act, the Dodd-Frank Act, the Exchange Act and federal advertising and other laws, as well as comparable state statutes; rules of trade organizations such as NAR, local MLSs and state and local AORs; licensing requirements and related obligations that could arise from our business practices relating to the provision of services other than real estate brokerage services, including without limitation, our mortgage lending services; privacy regulations relating to our use of personal information collected from the registered users of our websites; laws relating to the use and publication of information through the internet; and state real estate brokerage and mortgage lending licensing requirements, as well as statutory due diligence, disclosure, record keeping and standard-of-care obligations relating to these licenses.

Additionally, the Dodd-Frank Act contains the Mortgage Reform and Anti-Predatory Lending Act ("Mortgage Act"), which imposes a number of additional requirements on lenders and servicers of residential mortgage loans, by amending certain existing provisions and adding new sections to RESPA and other federal laws. It also broadly prohibits unfair, deceptive or abusive acts or practices and knowingly or recklessly providing substantial assistance to a covered person in violation of that prohibition. The penalties for noncompliance with these laws are also significantly increased by the Mortgage Act, which could lead to an increase in lawsuits against mortgage lenders and servicers.

As we expand our business in international markets, including new and existing international markets, we are subject to additional foreign governmental regulation. Ensuring compliance with these newly applicable laws could substantially increase our operating expenses. In addition, entry into these new markets exposes us to increased risk and liability. A violation of any of these applicable laws could have a material adverse effect on our business.

Maintaining legal compliance is challenging and increases our costs due to resources required to continually monitor business practices for compliance with applicable laws, rules and regulations and to monitor changes in the applicable laws themselves.

We may not become aware of all the laws, rules and regulations that govern our business, or be able to comply with all of them, given the rate of regulatory changes, ambiguities in regulations, contradictions in regulations between jurisdictions and the difficulties in achieving both company-wide and region-specific knowledge and compliance.

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

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

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

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

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

In the United States, the Federal Trade Commission (“FTC”) has entered into several highly publicized settlements with network marketing companies that required those companies to modify their compensation plans and business models. Those settlements resulted from actions brought by the FTC involving a variety of alleged violations of consumer protection laws, including misleading earnings representations by the companies' independent distributors, as well as the legal validity of the companies' business model and distributor compensation plans. FTC determinations such as these have created an ambiguity regarding the proper interpretation of the law and regulations applicable to network marketing companies in the U.S. Although a consent decree between the FTC and a specific company does not represent judicial precedent, FTC officials have indicated that the network marketing industry should look to these consent decrees and the principles contained therein, for guidance. Additionally, following the issuance of these consent decrees, the FTC issued non-binding guidance to the network marketing industry, suggesting it intended to reinforce the principles contained in the consent decrees and provide other operational guidance to the network marketing industry.

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

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

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

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

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

We are and may, in the future, be blocked from or limited in providing our agent compensation plans in certain jurisdictions and may be required to modify our business model in those jurisdictions as a result.

Our agent compensation plans represent a key lever in our strategy to attract and retain independent agents and brokers and are subject to various international, federal, state, territorial and local laws, rules and regulations which differ in each of our existing and future markets. As a result, we are and may, in the future, be blocked from or limited in providing each of our agent compensation plans in certain markets. In addition, these laws, rules and regulations are subject to judicial and agency interpretation and it might be determined that our agent compensation plans are not permitted to be offered to independent contractors. In response to such limitations, we have and may, in the future, be required to modify our agent compensation practices in such markets. Failure to comply with applicable law, rules and regulations or failure to subsequently modify our business model in certain jurisdictions to effectively attract and retain agents and brokers could negatively affect our business, results of operations or financial condition. The costs attributable to developing compliant agent compensation plans can be significant and could adversely affect our financial condition.

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

Hundreds of thousands of consumers, independent contractors and employees have shared personal information with us during the normal course of our business processing real estate transactions. This includes, but is not limited to, Social Security numbers, annual income amounts and sources, consumer names, addresses, telephone and cell phone numbers and email addresses. To run our business, it is essential for us to store and transmit this sensitive information in our systems and networks. At the same time, we are subject to numerous laws, regulations and other requirements that require businesses like ours to protect the security of personal information, notify customers and other individuals about our privacy practices and limit the use, disclosure, or transfer of personal data across country borders. Regulators in the U.S. and abroad continue to enact comprehensive new laws or legislative reforms imposing significant privacy and cybersecurity restrictions. The result is that we are subject to increased regulatory scrutiny, additional contractual requirements from corporate customers and heightened compliance costs. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. For example, the European Union's GDPR conferred new and significant privacy rights on individuals (including employees and independent agents) and materially increased penalties for violations. In the U.S., California enacted the California Consumer Privacy Act — which went into full effect in 2021 — imposing new and comprehensive requirements on organizations that collect and disclose personal information about California residents. In March 2017, the New York Department of Financial Services' cybersecurity regulation went into effect, requiring regulated financial institutions to establish a detailed cybersecurity program. Program requirements include corporate governance, incident planning, data management, system testing, vendor oversight and regulator notification rules. Now, other state regulatory agencies are expected to enact similar requirements following the adoption of the Insurance Data Security Model Law by the National Association of Insurance Commissioners that is consistent with the New York regulation.

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

We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition. For example, we have and may continue to incorporate new technologies such as machine learning and artificial intelligence into our processes and systems, which are under increased regulatory scrutiny. We may be required to change our platforms and services due to new laws and/or decisions related to emerging technologies which may decrease our operational efficiency and/or hinder our ability to improve our services.

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

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

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

SUCCESS Lending and SUCCESS Franchising are relatively new business initiatives with regulatory and compliance risks, many of which are beyond our control.

Both the SUCCESS Lending joint venture and SUCCESS Franchising business, both launched in 2021, have limited operating histories and have encountered and will continue to encounter risks, uncertainties, difficulties and expenses, including, without limitation, ongoing compliance with a complex and evolving regulatory environment. 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 and financial condition may be harmed.

Risks Related to Our Stock

Glenn Sanford, our Chairman and Chief Executive Officer, together with Penny Sanford, a significant stockholder, own a significant percentage of our stock and have agreed to act as a group on any matter submitted to a vote of our stockholders. As a result, the trading price for our shares may be depressed and they can significantly influence actions that may be adverse to the interests of our other stockholders.

On January 12, 2024, Glenn Sanford and Penny Sanford filed an amended Schedule 13D with the Securities and Exchange Commission, which disclosed that they beneficially owned approximately 45.73% of our outstanding common stock as of November 30, 2023 and that they had agreed to vote their shares as a group with respect to the election of directors and any other matter on which our shares of common stock are entitled to vote. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in a company with a stockholder group holding a significant number of our shares. The group can significantly influence all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, due to his significant ownership stake and his service as our Chief Executive Officer and Chairman of our Board of Directors, Mr. Sanford significantly influences the management of our business and affairs. This concentration of ownership and influence could have the effect of delaying, deferring, or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to our other stockholders.

Until July 31, 2023, we were a "controlled company" within the meaning of Nasdaq rules and, as a result, we qualified for and relied on, exemptions from certain corporate governance requirements. Under applicable Nasdaq rules, we qualify for and intend to rely on certain phase-in periods to comply with the previously exempt governance requirements.

Until July 31, 2023, we qualified as a "controlled company" within the meaning of Nasdaq corporate governance standards and, accordingly, we qualified for and from time-to-time relied on exemptions to certain governance requirements. Under Nasdaq rules, a company may phase-in to compliance with certain governance requirements after ceasing to be a "controlled company", including the requirement that we have a compensation committee that is composed entirely of independent directors within a year of losing controlled company status.

We are presently using this exemption. As a result, our compensation committee will not consist entirely of independent directors in the immediate future. Consequently, our stockholders do not presently have the same protection afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance rules and requirements. Our reliance on this exemption could make our common stock less attractive to some investors or otherwise harm our stock price.

Because we can issue additional shares of common stock and because we issue stock under equity incentive plan, our stockholders may experience dilution in the future.

We are authorized to issue up to 900,000,000 shares of common stock, of which 183,606,708 shares were issued and 154,669,037 shares were outstanding as of December 31, 2023. Additionally, the Company maintains a 2015 Equity Incentive Plan from which employees, agents, brokers and certain service providers of the Company and its affiliates can receive awards of the Company's common stock. As of December 31, 2023, there were 88,596,220 shares registered and authorized under the 2015 Equity Incentive Plan, of which 20,760,284 are available for future issuance. Our Board of Directors has the authority to cause us to issue additional shares of common stock without consent of any of our stockholders, subject to applicable Nasdaq listing rules. Consequently, current stockholders may experience more dilution in their ownership of our common stock in the future.

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

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

- our operating and financial performance and prospects;
- future sales of substantial amounts of our common stock in the public market, including but not limited to shares we may issue as consideration for acquisitions or investments;
- housing and mortgage finance markets;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in recommendations or analysis of our prospects by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actual or potential changes in laws, regulations and regulatory interpretations;
- changes in interest rates;
- changes in demographics relating to housing such as household formation or other consumer preferences toward home ownership;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- the filing of and/or adverse resolution of new or pending litigation or regulatory proceedings against us; and
- changes in general market, economic and political conditions in the United States and global economies.

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

Because we may not pay any cash dividends on our shares of common stock in the near future, our stockholders may not be able to receive a return on their shares unless they sell them.

On August 4, 2021, the Company's Board of Directors declared and subsequently paid its first cash dividend. The Company then declared and paid subsequent dividends during each quarter of the fiscal year ended December 31, 2023. There is no assurance that future dividends will be paid and if dividends are paid, there is no assurance with respect to the amount of any such dividend. The declaration, payment and amount of any future dividends will be made at the discretion of the Board of Directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements and other factors as the Board of Directors considers relevant. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them.

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

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

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power to a majority of the Board of Directors to fix the number of directors;
- provide the power to our Board of Directors to fill any vacancy on our Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- eliminate the ability of stockholders to call special meetings of stockholders; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

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

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 1C. CYBERSECURITY

We recognize the critical importance of creating a multifaceted defense-in-depth cybersecurity ecosystem to protect the confidentiality, integrity, and availability of Company systems and data.

Managing Material Risk

The Company's approach to risk management is unique to each reporting segment, with Virbela and Other Affiliated Services each independently identifying, assessing, and managing their material risk from cybersecurity threats, and North American Realty and International Realty operating under a joint risk framework due to the similarities in cybersecurity risk they face. While educational resources about cybersecurity risks are shared amongst Information Technology ("IT") staff across segments, segment-specific IT staff are empowered to evaluate and address cybersecurity risks within their reporting segment in alignment with the Company's overall business objectives and operational needs. Where required, IT staff in each reporting segment may communicate with their counterparts in different reporting segments or with executive management of the Company to ensure compliance with cybersecurity incident and data breach reporting requirements under applicable law.

Engage Third Parties on Risk Management

Understanding the complexity and evolving nature of cybersecurity threats, each reporting segment engages with a range of external experts, including cybersecurity assessors and consultants, to assess, identify, and manage material risks posed by cybersecurity threats, as determined by each reporting segment's IT personnel. Each reporting segment has enabled external technologies and specialists, as deemed necessary by the reporting segment, to continuously test, alert, and report on the Company's various computing ecosystems. These external assets allow the reporting segment IT leaders to leverage cybersecurity tools applicable to their segment's risks, ensuring our cybersecurity strategies and processes continue to align with business objectives and operational needs. Segment IT personnel collaborate with these third-parties to review and discuss vulnerabilities and threats, consult on security enhancements for better risk identification, and audit risk management systems.

Oversee Third-Party Risk

Due to the risks associated with third-party access to certain systems and data in each reporting segment, when a reporting segment enters into a relationship with a third-party service provider that presents a cybersecurity risk, various security assessments may be issued by the reporting segment to enable the applicable reporting segment to identify, oversee, and manage these risks. The security assessments are designed to establish communication channels as between the reporting segment and the third-party for purposes of cybersecurity risk management and reporting, as well as to ensure that security controls are established as necessary to comply with that reporting segment's security and privacy policies. Such assessments may include an initial assessment conducted by the IT staff of the reporting segment, an annual assessment thereafter by the IT staff of the reporting segment, and ongoing monitoring of tools deployed within the third-party's environment by the third-party's IT staff or equivalent thereof. Where applicable, the reporting segment imposes security incident reporting requirements on third-party service providers via written contract in order to ensure the timely reporting of incidents. Information obtained in initial and ongoing assessments as well as incident reports are presented to applicable reporting segment staff who (i) review and engage the third party on preventative and responsive actions based on such assessments and reports, as applicable, and (ii) evaluate the continued relationship with the third party and terminate the relationship, if necessary.

Risk of Cybersecurity Threats

To date, the Company has not identified a cybersecurity threat in any reporting segment, including as a result of any previous cybersecurity incidents, that has or is reasonably likely to have a current or future material effect on our business strategy, financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Cybersecurity Governance

eXp World Holdings, Inc.'s Board of Directors (the "Board") is aware of the critical nature of managing risks associated with cybersecurity threats and meets regularly to discuss managing risk from cybersecurity threats, among other risks facing the Company. The Board has established oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats.

Board of Directors Oversight

The Board's Nominating and Corporate Governance Committee is central to the Board's oversight of cybersecurity risks and bears the primary responsibility for cybersecurity risk oversight. When required, additional information is provided from the IT management for each reporting segment for further insight and analysis. The Company is continually monitoring its cybersecurity oversight, strategy and governance for improvement and refinement.

Management's Role Managing Risk

The Company's Chief Information Officer ("CIO") plays a key role in informing the Nominating and Corporate Governance Committee of cybersecurity risks across the reporting segments. This management member provides comprehensive briefings to the Nominating and Corporate Governance Committee on a quarterly basis. These briefings include a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies in various reporting segments;
- Incident reports and learnings from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

The CIO receives updates on any significant developments in the cybersecurity domain from each reporting segment, which the CIO then reports to the Nominating and Corporate Governance Committee, ensuring the Board's oversight is proactive and responsive.

Risk Management Personnel

Primary oversight and responsibility for managing the Company's cybersecurity risks resides with the CIO. With over 25 years of experience in business and information technology management, the current Company CIO is an accomplished software executive with an exceptional record of building large-scale product delivery organizations, which include product management, engineering, information technology, and information security. The current Company CIO is graduate of Southern Methodist University where he obtained his M.B.A. and University of Oklahoma where he received his B.S. in Computer Sciences.

Accompanying the CIO with the development of the security ecosystem is key personnel at each reporting segment, including:

- North American and International Realty's Sr. Director of Information Security. The person currently in this role has over 15 years of experience managing enterprise level cyber security programs in various industries in addition to having a Bachelor of Science in Information Technology Management and Information Security Manager Certification.

- Virbela’s Director of IT. The person currently in this role has a Master of Computer Information Systems degree and has fifteen years of professional experience in IT roles, specializing in data management and security, operational reliability and assurance, and regulatory compliance. They are experienced in information security practices, having been involved in SOC 2, GDPR, CCPA, and PCI DSS compliance frameworks.
- Virbela’s Vice President of Frame. The person currently in this role has a Master in Education Technology and a decade working at the intersection of collaboration and spatial computing as a developer and technical product manager. They also have broad experience working with information security and privacy frameworks such as SOC-2, GDPR, and COPPA.
- Virbela’s President. The person currently in this role has a Doctorate of Philosophy in Consulting Psychology and over eleven (11) years of expertise designing and managing the Virbela product, including its cyber vulnerabilities, data collection, and related processes.
- Other Affiliated Services Vice President, Operations. The person currently in this role has Master of Business Administration in Accounting and Business/Management with sophisticated professional experience in software implementation and business intelligence. His experience encompasses conducting security audits, implementing intrusion detection with cloud service providers, developing access controls and API encryption, and mitigating risks through vendor relations. Additionally, he has worked in IT policy development, single sign-on implementation, and cloud security.

The staff in each reporting segment have extensive knowledge of cybersecurity risk applicable to their reporting segment.

Monitoring Cybersecurity Incidents

Daily security assessments, alert monitoring, and the management of cybersecurity threats are the responsibility of each reporting segment. When appropriate, each reporting segment escalates information to the CIO to ensure awareness of cybersecurity risks across the reporting segments and to enable required incident management procedures applicable to each reporting segment. The reporting segments provide analysis to aid in the remediation of cybersecurity incidents. Each reporting segment has developed an incident response plan to pool resources that determines actions and remediation efforts, including escalation to the CIO, when necessary.

Reporting to Board of Directors

The CIO, in his capacity, informs the Chief Executive Officer of the Company and Chief Strategy Officer of eXp Realty, LLC of all aspects related to cybersecurity risks and threats. This ensures the highest levels of management are knowledgeable and updated about the cybersecurity posture and potential risks facing the Company. Furthermore, cybersecurity incidents, strategic risk management decisions, and materiality analysis are escalated to the Board, ensuring that they have comprehensive oversight and can provide guidance on critical cybersecurity issues.

Item 2. PROPERTIES

Our principal corporate office is located at 2219 Rimland Drive, Suite 301, Bellingham, Washington and is leased office space. We also lease small office spaces in a number of regions in which we operate, in order to comply with regulatory and licensing requirements within those jurisdictions and, in certain instances, to provide office space to our managing brokers and drop-in space for our agents. In some of these instances, the managing brokers are financially responsible for a significant portion of the rental expense associated with a leased office space. We generally do not provide office space for the agents other than for drop-in service. We do not own any real property. We believe that our leased facilities are adequate to meet current needs and that additional facilities will be available for lease to meet future needs.

Item 3. LEGAL PROCEEDINGS

The information set forth under “*Contingencies*” under *Note 13 – Commitments and Contingencies* to the consolidated financial statements included in Part II, Item 8, Financial Statements and Supplementary Data, of this Annual Report is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The common stock of eXp is traded on the Nasdaq Global Market under the trading symbol "EXPI".

Trading in our common stock quoted on the Nasdaq Global Market is characterized by wide fluctuations in trading prices due to many factors, some of which may have little to do with our Company's operations or business prospects. We cannot assure investors that there will be a market for our common stock in the future.

Holders of Record

As of February 16, 2024, we had approximately 113,899 stockholders of record who hold shares of the Company's common stock. This does not include persons whose stock is in nominee or "street name" accounts through brokers.

Dividends

During 2023, the Company's Board of Directors declared the following dividends on its common stock:

Declaration Date	Record Date	Payable Date	Per Share
February 9, 2023	March 13, 2023	March 31, 2023	$0.045
April 27, 2023	May 12, 2023	May 31, 2023	$0.045
July 28, 2023	August 18, 2023	September 4, 2023	$0.050
October 25, 2023	November 16, 2023	November 30, 2023	$0.050

Payment of cash dividends is at the discretion of the Company's Board of Directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, we can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that we will pay any future dividends to our common stockholders, or as to the amount of any such dividends.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We may repurchase shares of our common stock from time to time at prevailing market prices, depending on market conditions, through open market, privately negotiated transactions, or through a 10b5-1 plan. No date has been established for the completion of the share repurchase program and we are not obligated to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate or in accordance with the terms of the 10b5-1 plan. Repurchases under the program can be discontinued at any time the Board of Directors feels additional repurchases are not warranted. Any shares repurchased under the program are returned to the status of authorized but unissued shares of common stock until retired.

Refer to *Note 9 – Stockholders' Equity* to the consolidated financial statements included elsewhere within this Annual Report for more details regarding our stock repurchase program.

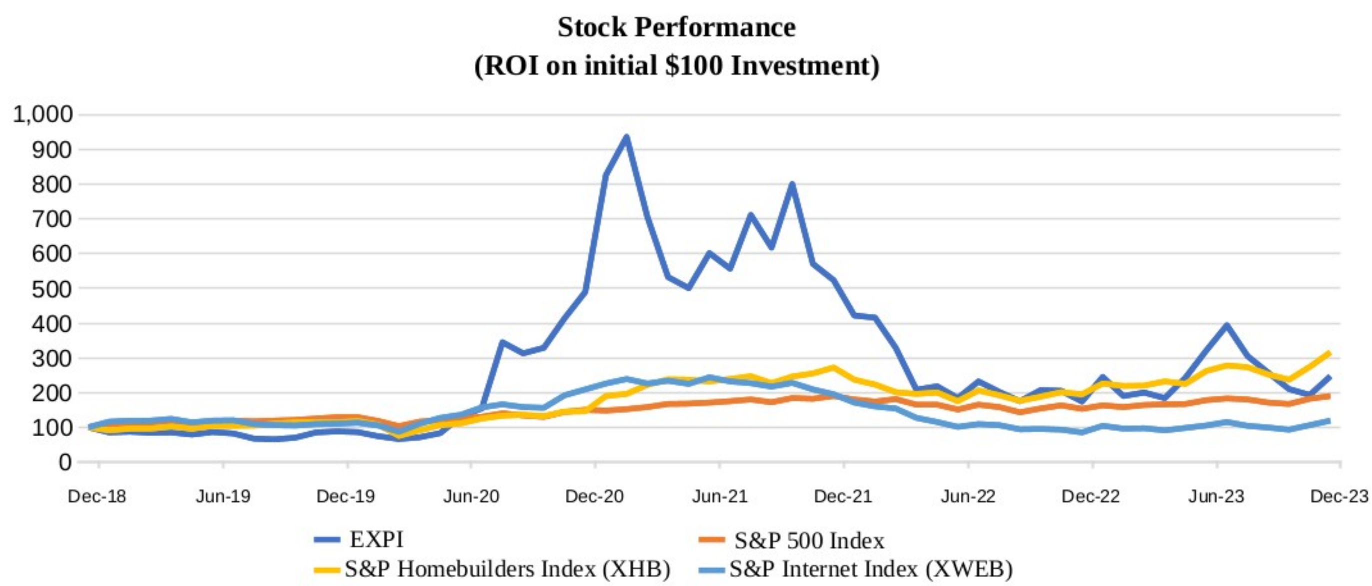
The following table provides information about repurchases of our common stock during the quarter ended December 31, 2023:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (1)	Approximate dollar value of shares that may yet be purchased under the plans or programs
10/1/2023-10/31/2023	827,770	$ 14.49	827,770	$ 444,553,702
11/1/2023-11/30/2023	614,063	12.85	614,063	436,563,204
12/1/2023-12/31/2023	411,270	14.81	411,270	430,567,463
Total	1,853,103	$ 14.05	1,853,103	

(1) In December 2018, the Company's Board of Directors approved a stock repurchase program authorizing the Company to purchase its common stock. In November 2019, the Board amended the repurchase program, increasing the total amount authorized to be purchased from $25.0 million to $75.0 million. In December 2020, the Board approved another amendment to the repurchase program, increasing the total amount authorized to be purchased from $75.0 million to $400.0 million. In May 2022, the Board approved an increase to the total amount of its buyback program from $400.0 million to $500.0 million. In June 2023, the Board approved an increase to the total amount of its buyback program from $500.0 million to $1.0 billion. The stock repurchase program is more fully disclosed in *Note 9 – Stockholders' Equity* to the consolidated financial statements included elsewhere in this Annual Report.

Company Stock Performance

The following graph compares the performance of our common stock to the Standard & Poor's ("S&P") 500 Index, the S&P Homebuilders Select Industry Index and the S&P Internet Select Industry Index by assuming $100 was invested in each investment option as of December 31, 2018. The S&P 500 Index is a capitalization-weighted index of domestic equities of the largest companies traded on the NYSE and Nasdaq. The S&P Homebuilders Select Industry Index is a diversified group of holdings representing home building, building products, home furnishings and home appliances. The S&P Internet Select Industry Index is comprised of U.S. equities of internet and direct marketing retail, internet services and infrastructure and interactive media and services companies.



Year	2018	2019	2020	2021	2022	2023
EXPI	$ 100.00	$ 88.00	$ 490.00	$ 524.00	$ 174.00	$ 247.00
S&P 500 Index	100.00	119.00	138.00	176.00	141.00	176.00
S&P Homebuilders Index (XHB)	100.00	114.00	146.00	219.00	156.00	253.00
S&P Internet Index (XWEB)	100.00	109.00	209.00	195.00	85.00	119.00

Item 6. [RESERVED]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to inform the reader about material information relevant to an assessment of the financial condition and results of operations of eXp World

Holdings, Inc. and its subsidiaries for the three-year period ended December 31, 2023. The following discussion should be read together with our consolidated financial statements and related notes included elsewhere within this Annual Report. This discussion contains forward-looking statements that constitute our estimates, plans and beliefs. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Forward-Looking Statements" and "Item 1A. – Risk Factors" included elsewhere within this Annual Report on Form 10-K for a discussion of certain risks, uncertainties and assumptions associated with these statements.

This section generally discusses items pertaining to and comparisons of financial results between 2023 and 2022. Discussions of 2021 items and comparisons between 2022 and 2021 financial results can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's annual report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 MD&A"). The 2022 MD&A is incorporated by reference herein from Part II, Item 7 of our annual report on Form 10-K filed on February 28, 2023 (Commission File No. 001-38493).

This MD&A is divided into the following sections:

- Overview
- Market Conditions and Industry Trends
- Segments
- Key Business Metrics
- Recent Business Developments
- Results of Operations
- Business Segment Disclosures
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Non-U.S. GAAP Financial Measures

All dollar amounts are in USD thousands except share amounts and per share data and as otherwise noted.

OVERVIEW

eXp is a diversified portfolio of service-based businesses whose operations benefit substantially from utilizing our enabling technology platform. The Chief Operating Decision Maker ("CODM") manages the business and allocates resources as four separate operating segments. See additional information in *Note 10 –Segment Information* to the consolidated financial statements included elsewhere in this Annual Report.

eXp manages its operations in four operating business segments: North American Realty; International Realty; Virbela; and Other Affiliated Services.

While we do not consider acquisitions a critical element of our ongoing business, we seek opportunities to expand and enhance our portfolio of solutions.

Strategy

Our strategy is to grow organically in the North American and certain international markets by increasing our independent agent and broker network. 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 attractive vertical and adjacent markets.

In 2023, our primary emphasis was on achieving operational excellence, which we monitor using agent Net Promoter Score ("aNPS"). aNPS plays a crucial role in attracting and retaining agents and teams, especially during a period marked by market contraction, due to lower transaction volumes and higher mortgage rates. To counter these challenges, we instituted a series of strategic initiatives including Boost, Thrive, Accelerate, and Masterminds, with a sustained emphasis on agent productivity. Through these initiatives, we were able to increase our agent count by 2% compared to the prior year, despite difficult market conditions. Furthermore, we were able to increase our market share of total transactions. Additionally, we implemented cost savings initiatives that we believe will better position us to grow as real estate market conditions improve. We remain focused on optimizing our operating costs to match our revenue trends.

One critical area of capital deployment is our Sustainable Revenue Share Plan (the "Revenue Share Plan"), whereby we pay real estate professionals affiliated with the Company a portion of eXp Realty's commission for their contribution to Company growth. We launched the Revenue Share Plan when the Company was in its infancy as a competitive differentiator that has since disrupted the residential real estate brokerage model. Participants in the Revenue Share Plan are eligible to receive additional income from the Company's closed real estate transactions based on the participant's number of frontline qualifying active ("FLQA") agents. An FLQA agent is an agent or broker that a participant ("sponsor") has personally attracted to the Company and who has met specific real estate transaction volume requirements. Revenue share is paid to the sponsor from the commission earned by the Company on transactions closed by the sponsor's FLQAs. Additionally, all sponsors must adhere to eXp's policies and procedures and may not, among other things: (i) take actions that result in criminal liability; (ii) engage in activities constituting harassment; or (iii) interfere with, coerce, or otherwise unethically convince a prospective or current agent's choice of sponsorship declaration.

The supplementary income distributed to the sponsor under the Revenue Share Plan is exclusively derived from the Company's portion of the transaction commission and is not earned on transactions for which the Company does not receive a commission (e.g., when an FLQA has capped and earns 100% of commission on its closed transactions). The Revenue Share Plan does not impact or reduce the commission earned by the FLQA on the transaction. The Company's costs incurred under the Revenue Share Plan are included as commissions and other agent-related costs in the consolidated statements of comprehensive income.

The revenue share program is integral to our growth strategy, fostering a collaborative brokerage that aligns with our core values of sustainability and collaborative success. Regular evaluations are conducted to ensure the plan's continued alignment with the Company's overarching objectives and for regulatory compliance.

MARKET CONDITIONS AND INDUSTRY TRENDS

Our business is dependent on the levels of home sales transactions and prices, which can vary based on 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 housing markets primarily include economic growth, interest rates, unemployment, consumer confidence, mortgage availability and supply and demand.

In periods of economic growth, rising consumer confidence and lower interest rates, demand typically increases resulting in higher home sales transactions and home sales prices. Conversely, in periods of economic recession, declining consumer confidence and higher interest rates, demand typically decreases, resulting in lower home sales transactions and home sale prices. Additionally, regulations imposed by local, state and federal government agencies and geopolitical instability can also negatively impact the housing markets in which we operate.

In 2023, the existing home sales market declined 18.7%, according to preliminary data from the National Association of Realtors ("NAR"), the lowest level in nearly 30 years. Due to increasing interest rates and continued low inventory of homes for sale, the market contraction that began in the second quarter of 2022 continued through 2023. According to preliminary NAR housing statistics, existing home sales continued to decline to 4.09 million for the year ended December 31, 2023, down 18.7% from 2022. NAR reported that the preliminary pending home sales index increased 1.3% in December 2023 compared to December 2022, and decreased 16.8% for the full-year ended December 31, 2023, compared to the full-year of 2022. 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 believes that it continues to be well-positioned for growth in the current economic climate. We have a strong base of agent support, which should drive organic market share growth, retention and productivity. Additionally, we have an efficient operating model with lower fixed costs driven by our cloud-based model, with no brick-and-mortar locations.

Regardless of whether the housing market continues to decline or growth returns, we continue to believe that we are positioned to leverage our low-cost, high-engagement model, which affords agents and brokers increased income and ownership opportunities while offering a scalable solution to brokerage owners looking to prosper amidst fluctuations in economic activity.

National Housing Inventory

In 2023, the continued increase of mortgage rates and higher home prices have caused inventory levels, as measured in months of supply, to rise. According to the United States Census Bureau, new construction housing starts decreased by 9% in 2023, compared to 2022; however, new construction housing completions increased 4.5% in 2023 compared to 2022. According to NAR, inventory of existing homes for sale in the U.S. was one million.

Mortgage Rates

Persistently high mortgage rates continue to negatively impact the demand for homebuying. Based on Freddie Mac data, the average rate for a 30-year, conventional fixed-rate mortgage was 6.61% in December 2023 compared to 6.42% in December 2022. Mortgage rates are expected to decline in 2024 due to continued moderate levels of inflation, which we expect to boost homebuyer demand and homebuilder sentiment.

Housing Affordability Index

According to NAR, the composite housing affordability index decreased to 94.2 for November 2023 (preliminary) from 109.3 for December 2022. As home prices and interest rates have increased, the housing affordability index has become unfavorable. When the index is above 100, it indicates that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20 percent down payment and ability to qualify for a mortgage. The unfavorable housing affordability index is due to increased mortgage rate conditions and higher average home prices driven by inventory levels.

Existing Home Sales Transactions and Prices

According to NAR, existing home sale transactions for the year ended December 2023 (preliminary) decreased to 4.09 million compared to 5.03 million for the year ended December 2022. NAR believes that December 2023 represented the bottom of the housing market during the current cycle and expects a return to growth in 2024.

According to NAR, nationwide existing home sales average price for December 2023 (preliminary) was $382,600, up 4.4% from $366,500 in December 2022, the sixth consecutive month of year-over-year price increases. For full-year 2023 (preliminary) the nationwide existing home sales average price was $389,800, up 0.9% from $386,400 for full-year 2022.

SEGMENTS

The Company has four operating segments and four reportable segments.

The CODM uses Adjusted Segment EBITDA as a key metric to evaluate the operating and financial performance of a segment, identify trends affecting the segments, develop projections and make strategic business decisions and allocate resources.

The Company has four reportable segments as follows: North American Realty, International Realty, Virbela and Other Affiliated Services. We report corporate expenses, as further detailed below, as “Corporate expenses and other.” All segments follow the same basis of presentation and accounting policies. See *Note 2 - Summary of Significant Accounting Policies* to the consolidated financial statements included elsewhere in this Annual Report for additional information about the Company’s significant accounting policies.

Corporate expenses include costs incurred to operate eXp World Holdings, Inc., including expenses incurred in connection with strategic resources provided to the agents, as well as certain other centrally managed expenses that are not allocated to the operating segments, including administrative, brokerage operations and legal functions.

The following discussion focuses on the operating performance of the Company for the years ended December 31, 2023 and 2022 and the financial condition of the Company as of December 31, 2023.

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 to track the Company’s performance:

	Year Ended December 31,		
	2023	2022	2021
Performance:			
Agent count	87,515	86,203	71,137
Real estate sales transactions	422,772	460,150	407,197
Other real estate transactions	71,636	51,709	37,170
Volume	$ 169,202,948	$ 187,252,204	$ 156,101,836
Revenue	$ 4,281,105	$ 4,598,161	$ 3,771,170
Gross profit	324,051	366,899	296,031
Gross margin (%)	7.6%	8.0%	7.8%
Adjusted EBITDA(1)	$ 57,548	$ 60,549	$ 77,995

(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, and a discussion of why we believe Adjusted EBITDA is useful to investors, see “Non-U.S. GAAP Financial Measures”.

One of our key strengths is attracting real estate agent and broker professionals that contribute to our growth. Real estate sales transactions are recorded when our agents and brokers represent buyers and/or sellers in the purchase or sale, respectively, of a home. Other real estate transactions are recorded for leases, rentals and referrals. The number of real estate transactions is a key driver of our revenue and profitability. Transaction volume represents the total sales value for all transactions 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, economic growth, 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. The rate of growth of our agent and broker base is difficult to predict and is subject to many factors outside of our control, including actions taken by our competitors and macroeconomic factors affecting the real estate industry in general including rising interest rates and declining transaction volume in the U.S.

We continue to increase our agents and brokers in the United States and Canada through execution of our growth strategies despite a challenging market. Settled home purchases and sales transactions and volume result from closed real estate transactions and typically fluctuate directionally with changes in the market's existing home sales transactions as reported by NAR, with disproportionate variances representative of company-specific improvements or shortfalls. Our real estate sales transaction decline was directly related to the decline in existing home sales in the U.S. in 2023 compared to 2022 as reported by the NAR.

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 on our consolidated statements of comprehensive income and is an important measure of our potential profitability and brokerage performance. For the years ended December 31, 2023, 2022 and 2021, gross profit was $324.1 million, $366.9 million and $296.0 million, respectively. Reported gross profit decreased year-over-year primarily due to a decrease in real estate transactions and an increase in reported agent-related stock-based compensation expense, compared to 2022. For the years ended December 31, 2023, 2022 and 2021, gross margin was 7.6%, 8.0% and 7.8%, respectively. Gross margin in 2023 decreased from 2022 primarily due to a lower volume of real estate transactions and an increase in agent-related stock-based compensation.

Management also reviews Adjusted EBITDA, which is a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. For the year ended December 31, 2023 adjusted EBITDA declined due to lower revenue, and increased operating costs.

RECENT BUSINESS DEVELOPMENTS

North American Realty Initiatives

The Company continues to focus on growth in the United States and Canada. During 2023, the Company announced various new agent incentive programs to enhance the agent experience and to attract culturally aligned agents, teams and independent brokerages to the Company. New incentive programs include Boost, Accelerate, and Thrive, which offer unique financial incentives. During 2023, the Company also launched various new ancillary programs and services to support the development and success of its agents, brokers and customers, including the global expansion of eXp Luxury™, Military Rewards Program, Listing Kits, Bundle Select™, eXp Exclusives™, My Link My Lead™, and affiliate relationships like HomeHunter™.

International Realty Initiatives

We have operations in the U.K., Australia, France, India, Mexico, Portugal, South Africa, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai. The Company continues to pursue growth opportunities and increase market share in the countries where operations began in recent years. The Company has focused on increasing productivity throughout our international entities. Our operations in the U.K and South Africa, in particular are seeing meaningful agent and transaction growth. During 2023, the eXp Luxury program expanded into Puerto Rico, the United Kingdom, Australia, New Zealand and South Africa.

Virbela

We continue to develop the core Virbela enterprise virtual world technology and the newer WebXR FrameVR ("Frame") platform through our subsidiary, eXp World Technologies, LLC. Frame is a metaverse collaboration technology that is accessible from any device with a browser such as mobile, personal computer, virtual reality device and tablet. As the post-COVID return-to-office trend continues, there's a clear surge in demand for on-the-go technology solutions. While the application-based Virbela platform has seen a decrease in demand, the web-accessible Frame platform is gaining traction. Keeping these market trends in mind, we continue to evaluate our capital deployments between our various platform offerings, while continuing to service existing and new contracts for both platforms. As a result of the changing market conditions, in the fourth quarter of 2023, the Company determined that the goodwill and certain intangible assets associated with Virbela were impaired. As a result of the impairment test, the Company recognized impairment charges of $9.2 million for goodwill and intangible assets for the year ended December 31, 2023.

Other Affiliated Services

SUCCESS Enterprises LLC ("SUCCESS") is a multi-media company which includes SUCCESS® print magazine, SUCCESS.com, SUCCESS® newsletters, SUCCESS® podcasts, SUCCESS® plus (digital training courses), SUCCESS® speakers bureau, and SUCCESS coaching.

In 2023, SUCCESS made strategic investments in leadership and established cross-functional departments dedicated to content creation, media relations, and business development. A streamlined strategy unified the entire ecosystem to capitalize on the brand's strength, attract renowned personalities as cover talent such as Chance The Rapper, Tamron Hall, Steve Aoki, and others, and substantially enhance media exposure through successful appearances on programs like "The View" and "The Tamron Hall Show," reaching an audience of over four million viewers. Strategic partnerships brought new programs and content and expanded our customer offerings and reach.

The organization continues to invest in robust sales and marketing initiatives and funnels, with a focus on expanding membership, subscribers, and clients across diverse industries and global sectors. Several new customer-centric offerings are being rolled out including: a cutting-edge digital magazine, immersive virtual and live events, new online courses, comprehensive whole-life coaching services, and the inauguration of The SUCCESS Magazine Podcast. We expect these new initiatives will attract and engage new audiences and contribute to the growth of the organization.

Company-Wide Initiatives

Agent and Employee Experience

The Company has embarked on an initiative to better understand both its agents' and employee experience. In doing so, we have adopted many of the principles of the Net Promoter Score® ("NPS") across many aspects of our organization. NPS is a measure of customer satisfaction and is measured on a scale between -100 and 100. A NPS above 50 is considered excellent. The Company's aNPS was 73 for 2023 and 77 in the fourth quarter. 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 process is an important vehicle for delivering our core values of transparency. While we strive for high satisfaction, it is equally important to investigate a low or unfavorable trending of NPS. As NPS scores are often leading indicators to agents and employees' future actions, we are able to learn quickly what may be a 'pain point' or product that is not meeting its desired objective. We then take that information and translate it into action with an effort to remediate the specific root cause(s) driving the lower score. This fast and iterative approach has already led to improvements in parts of our business such as agent onboarding, commission transaction processing and employee benefits.

The Company continues to expand agent growth opportunities in this uncertain market and has introduced programs such as Boost, Accelerate, and Thrive. Boost is a program that provides a financial incentive for culturally aligned independent brokerages to join our global platform. Accelerate is a program for individual agents who join the Company to experience enhanced revenue share capabilities with their second and third lines open for an initial amount of time. Thrive is a program for culturally aligned teams that provides a stock incentive to the team leader to relocate his or her team to the Company.

Agent Ownership

The Company maintains an agent growth incentive program ("AGIP") whereby agents and brokers of eXp Realty can become eligible for awards of the Company's common stock through the achievement of production and agent attraction benchmarks. Under our equity incentive program, agents and brokers who qualify are issued shares of the Company's common stock and it continues to be another element in creating a culture of agent-ownership.

Our agent equity program ("AEP") represents a key lever in our strategy to attract and retain independent agents and brokers. Agents and brokers can elect to receive 5% of their commission payable in the form of Company common stock at a 10% discount to the market price of our common stock. Our operational strategy and the importance of the AEP and AGIP to our strategy have not changed.

The costs attributable to these plans are also a significant component of our commission structure and our results of operations.

Additional information for our AGIP and AEP programs are more fully disclosed in *Note 9 – Stockholders' Equity* to the consolidated financial statements included elsewhere in this Annual Report.

RESULTS OF OPERATIONS

Year ended December 31, 2023 vs. Year ended December 31, 2022

	Year Ended December 31, 2023	% of Revenue	Year Ended December 31, 2022	% of Revenue	Change 2023 vs. 2022 $	Change 2023 vs. 2022 %
	(In thousands, except share amounts and per share data)					
Statement of Operations Data:						
Revenues	$ 4,281,105	100%	$ 4,598,161	100%	($ 317,056)	(7)%
Operating expenses						
Commissions and other agent-related costs	3,957,054	92%	4,231,262	92%	(274,208)	(6)%
General and administrative expenses	319,153	7%	346,132	8%	(26,979)	(8)%
Sales and marketing expenses	12,156	-%	15,359	-%	(3,203)	(21)%
Impairment expense	9,203	-%	-	-%	9,203	-%
Total operating expenses	4,297,566	100%	4,592,753	100%	(295,187)	(6)%
Operating (loss) income	(16,461)	-%	5,408	-%	(21,869)	(404)%
Other (income) expense						
Other (income) expense, net	(4,414)	-%	(804)	-%	(3,610)	(449)%
Equity in losses of unconsolidated affiliates	1,388	-%	1,624	-%	(236)	(15)%
Total other (income) expense, net	(3,026)	-%	820	-%	(3,846)	(469)%
Income (loss) before income tax expense	(13,435)	-%	4,588	-%	(18,023)	(393)%
Income tax (benefit) expense	(4,462)	-%	(10,836)	-%	6,374	59%
Net (loss) income	(8,973)	-%	15,424	-%	(24,397)	(158)%
Add back: Net loss attributable to noncontrolling interest	-	-%	18	-%	(18)	(100)%
Net (loss) income attributable to eXp World Holdings, Inc.	(8,973)	-%	15,442	-%	(24,415)	(158)%
Adjusted EBITDA [1]	$ 57,548	1%	$ 60,549	1%	($ 3,001)	(5)%
(Loss) earnings per share						
Basic	($ 0.06)		$ 0.10		($ 0.16)	(160)%
Diluted	($ 0.06)		$ 0.10		($ 0.16)	(160)%
Weighted average shares outstanding						
Basic	153,232,129		151,036,110			
Diluted	153,232,129		156,220,165			

(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, and why we believe Adjusted EBITDA is useful to investors see "Non-U.S. GAAP Financial Measures".

Revenue

Our total revenues were $4.3 billion in 2023 compared to $4.6 billion in 2022, a decrease of ($317.1) million, or (7)%. Total revenues decreased primarily as a result of lower volume of real estate brokerage commissions, which is attributable to a decrease of overall real estate transactions and lower home sales prices in our markets, partially offset by growth in our agent base, compared to 2022.

Commission and Other Agent-Related Costs

Commission and other agent-related costs were $4.0 billion in 2023 compared to $4.2 billion in 2022, a decrease of ($274.2) million, or (6)%. Commission and other agent-related costs include sales commissions paid and are reduced by agent-related fees. Commission and other agent-related costs decreased primarily because of a decrease in overall real estate transactions and lower home sales prices, partially offset by growth in our agent base and an increase in agent-related stock-based compensation.

General and Administrative Expense

General and administrative expenses were $319.2 million in 2023 compared to $346.1 million in 2022, a decrease of ($27.0) million, or (8)%. The decrease in general and administrative expenses was due to lower reported stock compensation expense, partially offset by increased employees, increased contract labor wages and compensation and increases in seminars and conferences expenses.

Sales and Marketing

Sales and marketing expenses were $12.2 million in 2023 compared to $15.4 million in 2022, a decrease of ($3.2) million, or (21)%. Sales and marketing costs include lead capture costs and promotional materials. Sales and marketing expenses decreased primarily as a result of a decrease in advertising costs of ($1.8) million and internet advertising costs of ($1.3) million.

Impairment expense

2023 includes impairment charges for goodwill and amortizable intangible assets of $9.2 million related to the Virbela segment.

Other (Income) Expense, Net

Other (income) expense in 2023 and 2022 includes interest income partially offset by equity in losses of unconsolidated subsidiaries.

Income Tax Benefit (Expense)

The Company's provision for income taxes amounted to a benefit of ($4.5) million, a benefit decrease of $6.4 million for the year ended December 31, 2023. The decrease in income tax benefit was primarily attributable to the decrease in excess benefit from stock-based compensation in current year and higher non-deductible executive compensation expenses.

Refer to Critical Accounting Policies and Estimates within the MD&A and *Note 13 - Income Taxes* to the consolidated financial statements included elsewhere in this Annual Report for further information.

BUSINESS SEGMENT DISCLOSURES

See *Note 10 – Segment Information* to the consolidated financial statements included elsewhere in this Annual Report for additional information regarding our business segments. The following table reflects the results of each of our reportable segments during the years ended December 31, 2023 and 2022:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Change 2023 vs. 2022 $	%
	(In thousands, except share amounts and per share data)			
Statement of Operations Data:				
Revenues				
North American Realty	$ 4,220,063	$ 4,552,938	($ 332,875)	(7)%
International Realty	53,931	35,924	18,007	50%
Virbela	7,284	8,485	(1,201)	(14)%
Other Affiliated Services	4,802	5,084	(282)	(6)%
Segment eliminations	(4,975)	(4,270)	(705)	(17)%
Total Consolidated Revenues	$ 4,281,105	$ 4,598,161	($ 317,056)	(7)%
Adjusted Segment EBITDA [(1)]				
North American Realty	91,101	103,255	($ 12,154)	(12)%
International Realty	(13,657)	(13,708)	51	-%
Virbela	(5,725)	(9,642)	3,917	41%
Other Affiliated Services	(3,795)	(2,600)	(1,195)	(46)%
Total Segment Adjusted EBITDA	67,924	77,305	(9,381)	(12)%
Corporate expenses and other	(10,376)	(16,756)	6,380	38%
Total Reported Adjusted EBITDA	$ 57,548	$ 60,549	($ 3,001)	(5)%

(1) Adjusted Segment 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 Segment EBITDA and a reconciliation of Adjusted Segment EBITDA to net income, and a discussion of why we believe Adjusted Segment EBITDA is useful to investors, see "Non-U.S. GAAP Financial Measures". Management evaluates the operating results of each of its reportable segments based upon revenue and Adjusted Segment EBITDA. Adjusted Segment EBITDA is defined by us as net income before depreciation and amortization, stock-based compensation expense, interest expense, net, income taxes, impairment expense and other items that are not core to the operating

activities of the Company. The Company's presentation of Adjusted Segment EBITDA may not be comparable to similar measures used by other companies.

2023 Compared to 2022

North American Realty revenue decreased (7)% in 2023 compared to 2022 primarily due to a decrease in overall real estate transactions, driven by market conditions, partially offset by growth in our agent base. Adjusted EBITDA decreased (12)% due to decrease in gross profit related to the decline in real estate transactions, and increases in selling, general and administrative expenses resulting from increased headcount to support our agent growth strategy.

International Realty revenue increased 50% in 2023 compared to 2022 primarily due to increased real estate transactions driven by increased productivity in previously launched markets. Adjusted EBITDA was relatively flat in 2023 compared 2022 due to gross profit improvements related to increase in revenue, partially offset by increased selling, general and administrative expenses to support the increased production in existing operations.

Virbela revenue decreased (14)% due to softer customer demands for virtual events resulting from the post-COVID 19 work environment of return to the office and hybrid work globally, as well as the increase in the demand for artificial intelligence solutions. Adjusted EBITDA increased 41% primarily due to workforce reductions and decrease in marketing and advertising expenses.

Other Affiliated Services revenue decreased (6)% due to a decrease of coaching revenue as a result of a reset of the business strategy. Adjusted EBITDA decreased by (46)% primarily due to an increase in personnel costs and the decrease in revenue.

Corporate expenses and other contain the costs incurred to operate the corporate parent of eXp Realty. The decrease in these costs reflects the impact of cost cutting initiatives.

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 remained positive, as we have continued to grow our agent count and focus on operational excellence despite the challenging market conditions of 2023.

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 2024 is to utilize our cash on hand to support our agent productivity, growth initiatives and investment in technology, and to a lesser extent, for repurchases of our common stock and quarterly cash dividends. There can be no assurance that future cash dividends will be declared by the Board of Directors or that the stock repurchase program will be sustained or proceed at historical levels.

For information regarding the Company's expected cash requirement related to settlement costs, see *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere in this Annual Report.

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 normal operating requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including the outcome of pending antitrust litigation, our level of investment in technology, our rate of growth into new markets and cash used to pay quarterly cash dividends and 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 12 months.

We currently do not hold any bank debt, nor have we issued any debt instruments through public offerings or private placements. As of December 31, 2023, our cash and cash equivalents totaled $126.9 million. Cash equivalents are comprised of financial instruments with an original maturity of 90 days or less from the date of purchase, primarily money market funds. We currently do not hold any marketable securities.

During 2022, our unconsolidated joint venture, SUCCESS Lending, obtained $25 million in revolving warehouse credit lines from each of Flagstar Bank FSB and Texas Capital Bank, which represent off-balance sheet financing arrangements for the Company. The Company's capital liability under the warehouse credit lines is limited to $3.25 million in the aggregate. We do not believe these off-balance sheet arrangements have or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources. For information regarding the warehouse credit agreements, see *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere in this Annual Report.

Net Working Capital

Net working capital is calculated as the Company's total current assets less its total current liabilities. The following table presents our net working capital for the periods presented:

	December 31, 2023	December 31, 2022
Current assets	$ 266,475	$ 255,113
Current liabilities	(141,640)	(127,299)
Net working capital	$ 124,835	$ 127,814

As of December 31, 2023, net working capital decreased ($3.0) million, or (2)%, compared to the prior year, primarily due to a decrease in accounts receivable of ($1.3) million, partially offset by an increase in accrued liabilities of $9.2 million and an increase in cash and cash equivalents of $5.3 million. The decrease of accounts receivable was due to lower real estate transactions in the fourth quarter 2023 compared to the fourth quarter 2022.

Cash Flows

The following table presents our cash flows for the periods presented:

	Year Ended December 31,	
	2023	2022
Cash provided by operating activities	$ 209,131	$ 210,535
Cash used in investment activities	(13,503)	(22,461)
Cash used in financing activities	(184,089)	(204,514)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(38)	(87)
Net change in cash, cash equivalents and restricted cash	$ 11,501	($ 16,527)

For the year ended December 31, 2023, cash provided by operating activities decreased modestly compared to the same period in 2022.

For the year ended December 31, 2023, cash used in our investing activities decreased primarily due to a decrease of ($6.7) million in capital expenditures and an increase of $5.4 million invested in unconsolidated subsidiaries in the current year offset by $9.9 million Zoocasa business acquisition in 2022.

For the year ended December 31, 2023, cash used in financing activities decreased primarily related to lower repurchases of our common stock of $18.9 million and increased proceeds from stock option exercises $4.3 million compared to 2022 partially offset by an increase in dividend payments of $3.3 million compared to 2022.

Outlook

As we continue to scale our Company by investing in people, technology and processes, we expect to increase market share, agent base and real estate transaction volume in the U.S. and Canada and selectively grow in the international markets.

These operating ambitions are not forecasts and do not reflect our expectations, but rather are aspirational targets for future performance that may never be realized. These statements involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in them. Factors include, among others, (i) changes in demand for the Company's services and changes in consumer behavior; (ii) macroeconomic conditions beyond our control; (iii) the Company's ability to effectively maintain its infrastructure to support its operations and initiatives; (iv) the impact of governmental regulations related to the Company's operations; (v) the outcome of ongoing antitrust litigation; and (vi) other factors, as described in this Annual Report in Part II, Item 1A, "Risk Factors."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires us to make certain judgments and assumptions, based on information available at the time of our preparation of the financial statements, in determining accounting estimates used in the preparation of the statements. Our significant accounting policies are described in *Note 2 – Summary of Significant Accounting Policies* to the consolidated financial statements included elsewhere in this Annual Report.

Accounting estimates are considered critical if the estimate requires us to use judgments and/or make assumptions about matters that were uncertain at the time the accounting estimate was made and if different accounting estimates could have been used in the reporting period or changes in the accounting estimates are likely to occur that would have a material impact on our financial condition, results of operations or cash flows.

Stock-based compensation

Our stock-based compensation is comprised of agent growth incentive programs, agent equity program and stock option awards. The Company accounts for stock-based compensation granted to employees and non-employees using a fair value method. Stock-based compensation awards are measured at the grant date fair value and the stock-based compensation cost is recognized over the requisite service period of the awards, usually the vesting period, on a straight-line basis, net of forfeitures. The Company reduces recorded stock-based compensation for forfeitures when they occur.

Recognition of compensation cost for an award with a performance condition is based on the probable outcome of that performance condition being met. The Company estimates the share-based liability based on estimated performance probabilities based on our most recent estimates on probable achievement of the performance measures established under our agent growth incentive program. These estimates are calculated based on the agent's historical performance for each award type. Also, the requisite service period at the grant date of performance awards is estimated based on the probability of the period of time it will take an agent to meet the performance metric. The value of the stock award is amortized over this period and recognized as stock compensation expense starting on the grant date.

If factors change causing different assumptions to be made in future periods, estimated compensation expense may differ significantly from that recorded in the current period. See *Note 9 – Stockholders' Equity* to the consolidated financial statements included elsewhere in this Annual Report, for more information regarding the assumptions used in estimating the fair value of our awards.

Revenue recognition

The Company generates substantially all of its revenue from North American Realty and International Realty and generates a de minimis portion of its revenues from software subscription and professional services.

North American Realty and International Realty

The Company serves as a licensed broker in the areas in which it operates for the purpose of processing real estate transactions. The Company is contractually obligated to provide services for the fulfillment of transfers of real estate between buyers and sellers. The Company provides these services itself and controls the services necessary to legally represent the transfer of real estate. Correspondingly, the Company is defined as the principal. The Company, as principal, satisfies its obligation upon the closing of a real estate transaction. As principal and upon satisfaction of our obligation, the Company recognizes revenue in the gross amount of consideration to which we expect to be entitled.

Revenue is derived from assisting homebuyers and sellers in listing, marketing, selling and finding real estate. Commissions earned on real estate transactions are recognized at the completion of a real estate transaction once we have satisfied our performance obligation. Agent-related fees are currently recorded as a reduction to commissions and other agent-related costs.

At each reporting period, we estimate and accrue revenue for closed transactions for which we are entitled to but have not yet received the closing documents due to timing of when a transaction settles. The accrual for estimated revenue was immaterial for the years ended December 31, 2023 and 2022.

Business combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the consideration for the acquisition is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed at the fair values as of the acquisition date. Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. These assumptions and estimates include projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates and other market factors. Significant assumptions used in determining the allocation of fair value include the following valuation techniques: the cost approach, the income approach and the market approach, which are determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions.

At the acquisition date, the Company recognizes the identifiable acquired assets, liabilities assumed and contingent liabilities (identifiable net assets) of the acquired company on the basis of fair value. Recognized assets and liabilities assumed may be adjusted during a maximum of one year from the acquisition date (the “measurement period”), depending on new information obtained about the facts and circumstances in existence at the acquisition date.

If current expectations of future growth rates are not met or market factors outside of our control change significantly, then our goodwill or intangible assets may become impaired. Additionally, as goodwill and intangible assets associated with recently acquired businesses are recorded on the balance sheet at their estimated acquisition date fair values, those amounts are more susceptible to impairment risk if business operating results or macroeconomic conditions deteriorate.

Goodwill impairment

Goodwill is not amortized but is subject to impairment testing. We review goodwill for impairment on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that indicate goodwill may be impaired. We assess goodwill for possible impairment by performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. No additional impairment steps are necessary if we qualitatively determine that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. An impairment loss for goodwill would be recognized based on the difference between the carrying value and its estimated fair value, which would be determined based on either discounted future cash flows or another appropriate fair value method.

The evaluation of goodwill for impairment requires management to use significant judgments and estimates in accordance with U.S. GAAP, including, but not limited to, economic, industry and company-specific qualitative factors, projected future net sales, operating results and cash flows. Although we currently believe the estimates used in the evaluation of goodwill are reasonable, differences between actual and expected net sales, operating results and cash flows and/or changes in the discount rates used could cause these assets to be deemed impaired. If this were to occur, we would be required to record a non-cash charge to earnings for the write-down in the value of the goodwill, which could have a material adverse effect on our results of operations and financial position but not on our cash flows from operations.

During the fourth quarter of 2023, we performed an assessment of goodwill. The Company determined that the goodwill associated with Virbela, the Company’s technology segment, was impaired. During the impairment evaluation, the Company determined that the projection for future cash flows associated with Virbela had declined significantly resulting from the post-COVID 19 work environment of return to the office and hybrid work initiatives globally, as well as the increase in the demand for artificial intelligence solutions. Based on this determination, the Company determined that the estimated fair value was significantly lower than the book value of Virbela and the goodwill associated with Virbela should be impaired. As a result of the impairment test, the Company recognized an impairment charge of $8,248 for goodwill in the fourth quarter of 2023.

To perform these assessments, we identified and analyzed macroeconomic conditions, industry and market conditions and Company-specific factors. As a result of the analysis performed, management believes the estimated fair value of the reporting units continue to exceed their carrying values and does not represent a more likely than not possibility of potential impairment.

Income taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. A valuation allowance against deferred tax assets would be established if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50%) that some or all of the deferred tax assets are not expected to be realized. Our assumptions, judgments, and estimates relative to the value of our deferred tax assets take into account predictions of the amount and category of future taxable income. As of December 31, 2023, based on our assessment of the realizability of the net deferred tax assets, we reached the conclusion that our net deferred tax assets will most likely be fully realized and therefore no valuation allowance was recorded.

Although management believes that the judgment and estimates involved are reasonable and that the necessary provisions related to income taxes have been recorded, changes in circumstances or unexpected events could adversely affect our financial position, results of operations, and cash flows.

See *Note 12 – Income Taxes* to the consolidated financial statements included elsewhere in this Annual Report for further information related to our income tax positions.

Litigation

We recognize expenses for legal claims when payments associated with the claims become probable and can be reasonably estimated. Actual costs of resolving legal claims could have a material adverse impact on our results of operations and cash flow. While the currently pending antitrust litigation presents various reasonably possible outcomes, the financial impact(s) of such litigation is not presently estimable. See *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere in this Annual Report for further information related to our litigation.

NON-U.S. GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use Adjusted EBITDA, a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. This non-GAAP financial measure, which may be different than similarly titled measures used by other companies, is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

We define the non-U.S. GAAP financial measure of Consolidated Adjusted EBITDA to mean net income, excluding other income (expense), income tax benefit (expense), depreciation, amortization, impairment charges, stock-based compensation expense and stock option expense. Adjusted Segment EBITDA is defined as operating profit plus depreciation and amortization and stock-based compensation expenses and impairment expense. We believe that Consolidated Adjusted EBITDA and Adjusted Segment 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 Segment EBITDA helps identify underlying trends in our business that otherwise could be masked by the effect of the expenses that we exclude in Adjusted Segment 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, 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 income, the most comparable U.S. GAAP financial measure, for each of the periods presented:

	Year Ended December 31,	
	2023	**2022**
Net (loss) income	($ 8,973)	$ 15,424
Total other (income) expense, net	(3,026)	820
Income tax (benefit) expense	(4,462)	(10,836)
Depreciation and amortization	10,892	9,838
Impairment expense	9,203	-
Stock compensation expense [(1)]	43,178	30,861
Stock option expense	10,736	14,442
Adjusted EBITDA	$ 57,548	$ 60,549

(1) This includes agent growth incentive stock compensation expense and stock compensation expense related to business acquisitions.

The primary driver for the changes in Adjusted EBITDA was lower net income attributable to lower revenue and impairment charges, partially offset by reduced operating costs.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk relates to the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments and our results of operations. While we are exposed to market risk from foreign currency and exchange rate fluctuation, we do not have significant exposures to interest rate changes or commodity prices nor do we expect to have significant exposure to interest rate changes or commodity prices in the foreseeable future.

Foreign Currency Risk

The majority of our net sales, expenses and capital purchases were transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation existed due to our operations in Canada, the U.K., Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, The Dominican Republic, Greece, New Zealand, Chile, Poland, and Dubai albeit each individually and in the aggregate to a small extent. As of December 31, 2023, our largest international operations were in Canada. Based on fiscal 2023 performance, a hypothetical appreciation or decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would have an immaterial impact on operating income. The individual impacts to the operating income of hypothetical currency fluctuations in the Canadian dollar have been calculated in isolation from any potential responses to address such exchange rate changes in our other foreign markets. Our exposures to foreign currency risk related to our other operations in our other international locations were immaterial and have been excluded from this analysis.

Our investments in the net assets of our international operations were also subject to currency risk. As of December 31, 2023, the impacts of translations of foreign-denominated net assets of our international operations were immaterial to the Company’s consolidated financial statements. The translation impacts related to the net assets of our international operations are recorded within accumulated other comprehensive income. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of eXp World Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of eXp World Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of comprehensive (loss) income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Commissions and Other Agent-Related Costs – Revenue share expenses – Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company has a revenue sharing plan where agents and brokers may receive a commission from real estate transactions consummated by agents and brokers they have attracted to the Company. Agents and brokers are eligible for revenue share based on the number of Front-Line Qualifying Active (FLQA) agents they have attracted to the Company. An FLQA agent is an agent or broker that an agent or broker has personally attracted to the Company who has met specific sales transaction volume requirements. These additional commissions are earned on a multitiered basis by FLQA agents and brokers for real estate transactions within their downstream brokerage network. For the year ended December 31, 2023, the Company incurred $4.0 billion of commissions and other agent-related costs, which includes commissions paid to agents and brokers under the revenue sharing plan.

We identified the revenue sharing plan as a critical audit matter because the plan has a complex multi-tiered compensation structure involving highly automated system calculations to determine the commissions paid to agents and brokers. This required an increased extent of audit effort to audit and evaluate the accuracy of commissions paid under the revenue share plan.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures performed related to the testing of the accuracy of expenses under the revenue sharing plan included the following, among others:

- We tested the effectiveness of controls over the revenue share expenses, including management's controls over the calculation of commissions under the revenue sharing plan.
- With the assistance of our IT specialists, we:
  - Identified the significant system used to process revenue share transactions and tested the general IT controls over the system, including testing of user access controls, change management controls, and IT operations controls.
  - Performed testing of automated controls for the system calculation of revenue share and the system determination of number of FLQA agents.
- We selected samples of commissions paid to agents and brokers under the revenue sharing plan and recalculated the commissions amount based on the terms of the respective independent contractor agreements.
- For the samples selected:
  - We tested the mathematical accuracy of the recorded commissions by recalculating the revenue sharing allocation in accordance with the independent contractor agreements and traced the underlying transactions to third party documents including settlement statements, purchase agreements and bank statements.
  - We tested the accuracy of the FLQA count for agents and brokers by reading independent contractor agreements and obtained evidence of agents and brokers reaching the required sales transaction volume, including settlement statements.

Commitments and Contingencies — Refer to Note 13 to the financial statements.

Critical Audit Matter Description

The Company is among several defendants in numerous putative class action lawsuits alleging that the Company participated in a system that resulted in sellers of residential property paying inflated buyer broker commissions in violation of U.S. federal and state antitrust laws, as well as a case brought in Canada ("antitrust litigation"). The Company reviews loss contingencies to determine the likelihood of loss and to assess whether a reasonable estimate of the loss or range of loss can be made. The Company recognizes expenses for legal claims when a loss is considered probable and reasonably estimable. If it is reasonably possible that a loss may have been incurred and the effect on the financial statements could be material, the Company discloses an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made within the notes to the financial statements. The Company has determined that it is reasonably possible that a loss associated with the antitrust litigation has occurred; however, the loss or range of loss is not reasonably estimable and no provision for loss was recorded as of December 31, 2023.

We identified the antitrust litigation as a critical audit matter because of the challenges in auditing management's judgments applied in determining the likelihood of loss related to the resolution of such litigation, as well as the judgment in determining whether potential loss associated with the antitrust litigation is reasonably estimable. Specifically, auditing management's determination of whether any contingent loss arising from the antitrust litigation is probable, reasonably possible, or remote, and the related disclosures, is subjective and requires significant judgment due to the uncertainties involved, together with the novelty and complexity of the issues.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures performed related to antitrust litigation and claims included the following, among others:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's evaluation of the antitrust litigation, including controls related to the Company's assessment of the accounting and related disclosures based on the most recent facts and circumstances.
- We inquired of the Company's internal and external legal counsel, as well as executives and other members of management, to understand the basis for the Company's accounting conclusions related to the antitrust litigation.
- We requested and received written responses from internal and external legal counsel.
- We evaluated management's analysis of antitrust litigation.
- We examined Board of Directors meeting minutes, including relevant sub-committee meeting minutes, and compared to written responses received from internal and external counsel.

- We made inquiries of management and the audit committee to evaluate and corroborate our understanding obtained through inquiries of internal and external legal counsel. We also performed public domain searches for evidence contrary to management's analysis.
- We compared the Company's assessment of this matter to relevant history of similar legal contingencies that have been settled or otherwise resolved to evaluate the consistency of the Company's assessment of antitrust litigation.
- We consulted with our accounting experts to assist in our evaluation of the case facts and the Company's related accounting treatment for the antitrust litigation.
- We obtained written representations from executives of the Company.
- We obtained and reviewed the class action complaints, relevant court rulings, and terms related to other settlements of similar or related antitrust litigation.
- We evaluated the Company's financial statement disclosure for consistency with the audit evidence obtained on the antitrust litigation matter.
- We evaluated events subsequent to December 31, 2023, that might impact our evaluation of the antitrust litigation, including any related accrual or disclosure.

/s/ Deloitte & Touche LLP

San Francisco, California
February 22, 2024

We have served as the Company's auditor since 2019.

EXP WORLD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 126,864	$ 121,594
Restricted cash	44,020	37,789
Accounts receivable, net of allowance for credit losses of $2,303 and $4,014, respectively	85,969	87,262
Prepaids and other assets	9,622	8,468
TOTAL CURRENT ASSETS	266,475	255,113
Property, plant, and equipment, net	12,978	18,151
Operating lease right-of-use assets	10	2,127
Other noncurrent assets	7,400	1,703
Intangible assets, net	10,481	8,700
Deferred tax assets	71,342	68,676
Goodwill	16,982	27,212
TOTAL ASSETS	$ 385,668	$ 381,682
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 8,898	$ 10,391
Customer deposits	44,550	37,789
Accrued expenses	88,182	78,944
Current portion of lease obligation - operating lease	10	175
TOTAL CURRENT LIABILITIES	141,640	127,299
Long-term payable	20	4,697
Long-term lease obligation - operating lease, net of current portion	-	694
TOTAL LIABILITIES	141,660	132,690
EQUITY		
Common Stock, $0.00001 par value 900,000,000 shares authorized; 183,606,708 issued and 154,669,037 outstanding at December 31, 2023; 171,656,030 issued and 152,839,239 outstanding at December 31, 2022	2	2
Additional paid-in capital	804,833	611,872
Treasury stock, at cost: 28,937,671 and 18,816,791 shares held, respectively	(545,559)	(385,010)
Accumulated earnings	(16,769)	20,723
Accumulated other comprehensive income	332	236
Total eXp World Holdings, Inc. stockholders' equity	242,839	247,823
Equity attributable to noncontrolling interest	1,169	1,169
TOTAL EQUITY	244,008	248,992
TOTAL LIABILITIES AND EQUITY	$ 385,668	$ 381,682

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

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

	Year Ended December 31,		
	2023	2022	2021
Revenues	$ 4,281,105	$ 4,598,161	$ 3,771,170
Operating expenses			
Commissions and other agent-related costs	3,957,054	4,231,262	3,475,139
General and administrative expenses	319,153	346,132	249,699
Sales and marketing expenses	12,156	15,359	12,180
Impairment expense	9,203	-	-
Total operating expenses	4,297,566	4,592,753	3,737,018
Operating (loss) income	(16,461)	5,408	34,152
Other (income) expense			
Other (income) expense, net	(4,414)	(804)	292
Equity in losses of unconsolidated affiliates	1,388	1,624	188
Total other (income) expense, net	(3,026)	820	480
Income (loss) before income tax expense	(13,435)	4,588	33,672
Income tax (benefit) expense	(4,462)	(10,836)	(47,487)
Net (loss) income	(8,973)	15,424	81,159
Net (loss) income attributable to noncontrolling interest	-	18	61
Net (loss) income attributable to eXp World Holdings, Inc.	($ 8,973)	$ 15,442	$ 81,220
(Loss) earnings per share			
Basic	($ 0.06)	$ 0.10	$ 0.56
Diluted	($ 0.06)	$ 0.10	$ 0.51
Weighted average shares outstanding			
Basic	153,232,129	151,036,110	146,170,871
Diluted	153,232,129	156,220,165	157,729,374
Comprehensive (loss) income:			
Net (loss) income	($ 8,973)	$ 15,424	$ 81,159
Comprehensive (loss) income attributable to noncontrolling interests	-	18	61
Net (loss) income attributable to eXp World Holdings, Inc.	(8,973)	15,442	81,220
Other comprehensive (loss) income:			
Foreign currency translation gain (loss), net of tax	96	48	(59)
Comprehensive (loss) income attributable to eXp World Holdings, Inc.	($ 8,877)	$ 15,490	$ 81,161

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

EXP WORLD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Common stock:			
Balance, beginning of period	$ 2	$ 1	$ 1
Agent equity stock compensation	-	1	-
Balance, end of period	2	2	1
Treasury stock:			
Balance, beginning of period	(385,010)	(210,009)	(37,994)
Repurchases of common stock	(160,549)	(179,473)	(172,015)
Issuance of treasury stock, for acquisition	-	4,472	-
Balance, end of period	(545,559)	(385,010)	(210,009)
Additional paid-in capital:			
Balance, beginning of period	611,872	401,479	218,492
Shares issued for stock options exercised	4,980	612	3,620
Agent growth incentive stock compensation	41,995	31,235	21,828
Agent equity stock compensation	135,226	164,104	144,437
Stock option compensation	10,760	14,442	13,102
Balance, end of period	804,833	611,872	401,479
Accumulated earnings:			
Balance, beginning of period	20,723	30,510	(39,162)
Net (loss) income attributable to eXp World Holdings, Inc.	(8,973)	15,442	81,220
Dividends declared and paid ($0.05, $0.045 and $0.04 per share of common stock beginning with Q3 2023, Q3 2022 and Q4 2021, respectively)	(28,519)	(25,229)	(11,548)
Balance, end of period	(16,769)	20,723	30,510
Accumulated other comprehensive income (loss):			
Balance, beginning of period	236	188	247
Foreign currency translation gain (loss)	96	48	(59)
Balance, end of period	332	236	188
Noncontrolling interest:			
Balance, beginning of period	1,169	1,364	1,003
Net loss	-	(18)	(61)
Stock compensation	-	-	403
Transactions with noncontrolling interests	-	(177)	19
Balance, end of period	1,169	1,169	1,364
Total equity	$ 244,008	$ 248,992	$ 223,533

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

EXP WORLD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
OPERATING ACTIVITIES			
Net (loss) income	($ 8,973)	$ 15,424	$ 81,159
Reconciliation of net income to net cash provided by operating activities:			
Depreciation expense	8,352	7,934	4,974
Amortization expense - intangible assets	2,540	1,904	1,274
Amortization expense - long-term payable	-	-	94
Impairment expense	9,203	-	-
Loss on disposition of business	472	361	-
Allowance for credit losses on receivables/bad debt on receivables	(1,711)	1,816	319
Equity in loss of unconsolidated affiliates	1,388	1,624	188
Agent growth incentive stock compensation expense	43,178	30,861	24,493
Stock option compensation	10,736	14,442	13,102
Agent equity stock compensation expense	135,226	164,104	144,437
Deferred income taxes, net	(2,666)	(15,848)	(52,827)
Changes in operating assets and liabilities:			
Accounts receivable	3,474	44,935	(56,857)
Prepaids and other assets	(1,263)	1,652	(2,623)
Customer deposits	6,761	(30,998)	39,892
Accounts payable	(1,491)	2,432	3,173
Accrued expenses	8,424	(32,239)	46,673
Long term payable	(4,677)	1,983	828
Other operating activities	158	148	(1,407)
NET CASH PROVIDED BY OPERATING ACTIVITIES	209,131	210,535	246,892
INVESTING ACTIVITIES			
Purchases of property, plant, equipment	(5,363)	(12,051)	(13,423)
Proceeds from sale of business	330	-	-
Acquisition of business, net of cash acquired	-	(9,910)	(2,500)
Investments in unconsolidated affiliates	(5,876)	(500)	(3,000)
Capitalized software development costs in intangible assets	(2,594)	-	-
NET CASH USED IN INVESTING ACTIVITIES	(13,503)	(22,461)	(18,923)
FINANCING ACTIVITIES			
Repurchase of common stock	(160,550)	(179,473)	(172,015)
Proceeds from exercise of options	4,980	612	3,620
Transactions with noncontrolling interests	-	(424)	19
Dividends declared and paid	(28,519)	(25,229)	(11,548)
NET CASH USED IN FINANCING ACTIVITIES	(184,089)	(204,514)	(179,924)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(38)	(87)	(59)
Net change in cash, cash equivalents and restricted cash	11,501	(16,527)	47,986
Cash, cash equivalents and restricted cash, beginning balance	159,383	175,910	127,924
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING BALANCE	$ 170,884	$ 159,383	$ 175,910
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash paid for income taxes	$ 2,731	$ 3,406	$ 1,331
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Termination of lease obligation - operating lease	859	-	375
Issuance of treasury stock, for acquisition	-	4,554	-
Lease liabilities arising from obtaining right-of-use assets	-	-	2,370
Contingent consideration for disposition of business	1,209	-	-
Property, plant and equipment increase due to transfer of right-of-use lease asset	1,100	-	-
Property, plant and equipment purchases in accounts payable	63	63	174

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

eXp World Holdings, Inc. (collectively with its subsidiaries, the "Company" or "eXp") was incorporated in the State of Delaware on July 30, 2008. eXp owns and operates a diversified portfolio of service-based businesses whose operations benefit substantially from utilizing our enabling technology platform. Specifically, we operate a cloud-based real estate brokerage (in North America and other international locations), a Virbela business and related affiliated services that support the development and success of agents, entrepreneurs and businesses by leveraging innovative technologies and integrated services. Our North American and international real estate brokerage is now one of the largest and fastest-growing real estate brokerage companies, operating throughout the United States, most of the Canadian provinces, the U.K., Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, the Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are expressed in U.S. dollars. The Company's fiscal year end is December 31.

We report operating results through four reportable segments: North American Realty, International Realty, Virbela and Other Affiliated Services, as further discussed in *Note 10 – Segment Information* to the consolidated financial statements included elsewhere in this Annual Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements include the accounts of eXp World Holdings, Inc., its wholly-owned subsidiaries and 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 or 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 ("VIEs")

A company is deemed to be the primary beneficiary of a VIE and must consolidate the entity if the company has both: (i) the power to direct a VIE's activities 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. Joint ventures are typically included in the Other Affiliated Services unless the joint venture specifically supports one of the reportable segments.

The Company has several joint venture investments. As of December 31, 2023, the operations of these joint ventures are not material to the Company's financial position or results of operations.

Use of estimates

The preparation of financial statements in conformity with U.S. 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. In 2023, the Company reclassified certain amounts in the reconciliation of the provision for income taxes and deferred tax assets in *Note 12 – Income Taxes*. These reclassifications had no effect on the provision for tax or deferred tax assets that were previously reported. No other reclassifications occurred during the current period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, money market instruments and all other highly liquid investments purchased with an original or remaining maturity of three months or less at the date of acquisition.

Restricted cash

Restricted cash consists of cash held in escrow by the Company's brokers and agents on behalf of real estate buyers. The Company recognizes a corresponding customer deposit liability until the funds are released. Once the cash is transferred from escrow, the Company reduces the respective customers' deposit liability.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet that sum to the total of the same amounts shown on the statement of cash flows.

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 126,864	$ 121,594
Restricted cash	44,020	37,789
Total cash, cash equivalents, and restricted cash, ending balance	$ 170,884	$ 159,383

Fair value measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The fair value hierarchy prioritizes the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Input Level	Definitions
Level 1	Inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
Level 2	Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
Level 3	Inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

The Company holds funds in a money market account. The Company values its money market funds at fair value on a recurring basis.

Accounts receivable and allowance for expected credit losses

The 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 an allowance under the CECL impairment model. The three categories include agent non-commission based fees, agent short-term advances and commissions receivable for real estate property settlements.

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. In 2023, the Company has decreased its allowances for expected credit losses, for real estate transactions, due to a decrease of the aging receivable balances, as a result of improvement in accounts receivable management.

As of December 31, 2023 and 2022, receivables from real estate property settlements totaled $81,004 and $79,135, respectively, of which the Company recognized expected credit losses of $- and $3,127 as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022 agent non-commission based fees receivable and short-term advances totaled $7,268 and $12,141, respectively of which the Company recognized expected credit losses of $2,303 and $887, respectively.

Foreign currency translation

The Company's functional and reporting currency is the United States dollar and the functional currency of the Company's foreign subsidiaries is the local currency of their country of domicile. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the consolidated statements of operations in other (income) expense, net. The Company does not employ a hedging strategy to manage the impact of foreign currency fluctuations.

Fixed assets

Fixed assets are stated at historical cost and are depreciated on the straight-line method over the estimated useful lives. Useful lives are:

Computer hardware and software: 3 to 5 years

Furniture, fixtures and equipment: 5 to 7 years

Maintenance and repairs are expensed as incurred. Expenditures that substantially increase an asset's useful life or improve an asset's functionality are capitalized.

The Company capitalizes the costs associated with developing its internal-use cloud-based residential real-estate transaction system. Capitalized costs are primarily related to costs incurred in relation to internally created software during the application development stage including costs for upgrades and enhancements that result in additional functionality.

Leases

Leases are agreements, or terms within agreements, that convey the right to control the use of and receive substantially all of the economic benefit from an identified asset for a period of time in exchange for consideration. The Company currently only possesses office space leases.

Right-of-use assets

The Company recognizes right-of-use ("ROU") assets at the commencement date of the lease. ROU assets are measured at cost, less accumulated depreciation and impairment losses and are adjusted concurrently with the remeasurement of corresponding lease liabilities resulting from a change in future lease payments or a change in the assessment of whether any purchase, extension, or termination options will be exercised.

The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received, if any. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Company recognizes a lease liability measured at the present value of the lease payments to be made over the lease term. Variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the implicit interest rate in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Company does not capitalize leases with a present value of below its minimum capitalization threshold as it would not materially affect the Company's financial position or results of operations. Lease payments on short-term leases and low-value leases are recognized as expenses on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the consideration paid over the estimated fair value of assets acquired and liabilities assumed in a business combination. The Company evaluates goodwill for impairment on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that would more likely than not indicate that the fair value of the reporting unit is less than its carrying amount. Generally, this evaluation begins with a qualitative assessment to determine if the fair value of the reporting unit is more likely than not less than its carrying value. The test for impairment requires management to make judgments relating to future cash flows, growth rates and economic and market conditions. In addition to the annual impairment evaluation, the Company evaluates at least quarterly whether events or circumstances have occurred in the period subsequent to the annual impairment testing which indicate that it is more likely than not an impairment loss has occurred.

The Company recognized goodwill impairment of $8,248 for the year ended December 31, 2023 related to Virbela. The Company did not recognize any impairment of goodwill for the years ended December 31, 2022 and 2021.

Intangible assets

The Company's intangible assets are finite lived and consist primarily of trade name, technology and customer relationships. Each intangible asset is amortized on a straight-line basis over its useful life, ranging from 3 to 10 years. The Company evaluates its intangible assets for recoverability and potential impairment, or as events or changes in circumstances indicate the carrying value may be impaired.

The Company recognized impairment related to the trade name and customer relationships of $955 for the year ended December 31, 2023, related to Virbela. The Company did not recognize any impairment of intangible assets for the years ended December 31, 2022 and 2021.

Software development costs

The Company capitalizes software development costs related to products to be sold, leased, or marketed to external users and internal-use software.

Business combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the consideration for the acquisition is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed at the acquisition date fair values as determined by management as of the acquisition date. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. These assumptions and estimates include projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates and other market factors. If current expectations of future growth rates are not met or market factors outside of the Company's control change significantly, then goodwill or intangible assets may become impaired. Additionally, as goodwill and intangible assets associated with recently acquired businesses are recorded on the balance sheet at their estimated acquisition date fair values, those amounts are more susceptible to impairment risk if business operating results or macroeconomic conditions deteriorate.

Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets.

Impairment of long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. When assets are considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Stock-based compensation

Our stock-based compensation is comprised of employee equity incentives, agent growth incentive programs, agent equity program and stock option awards. Stock-based compensation is more fully disclosed in *Note 9 – Stockholders' Equity* to the consolidated financial statements included elsewhere in this Annual Report. The Company accounts for stock-based compensation granted to employees and non-employees using a fair value method. Stock-based compensation awards are measured at the grant date fair value and are recognized over the requisite service period of the awards, usually the vesting period, on a straight-line basis, net of forfeitures. The Company reduces stock-based compensation for forfeitures when they occur.

Recognition of compensation cost for an award with a performance condition is based on the probable outcome of that performance condition being met.

Revenue recognition

The Company generates substantially all of its revenue from North American Realty and International Realty segments and generates a de minimis portion of its revenues from software subscription (Virbela segment) and professional services. The Company does not have contracts with customers that provide variable consideration.

North American Realty and International Realty

The Company serves as a licensed broker in the areas in which it operates for the purpose of processing residential real estate transactions. The Company is contractually obligated to provide services for the fulfillment of transfers of residential real estate between buyers and sellers. The Company provides these services itself and controls the services necessary to legally transfer residential real estate. Correspondingly, the Company is defined as the principal. The Company, as principal, satisfies its obligation upon the closing of a residential real estate transaction. As principal and upon satisfaction of the performance obligation, the Company recognizes revenue in the gross amount of consideration to which the Company expects to be entitled. The Company estimates and accrues revenue to which it is entitled to for closed transactions but has yet to receive all the necessary closing documents. The accrual for estimated revenue was immaterial for the years ended December 31, 2023 and 2022.

Revenue is derived from assisting homebuyers and sellers in listing, marketing, selling and finding residential real estate. Commissions earned on real estate transactions are recognized at the completion of a residential real estate transaction once the Company has satisfied the performance obligation. Agent-related fees charged by the Company are recorded as a reduction to commissions and other agent-related costs.

Software Subscription and Professional Services

Subscription revenue is derived from fees from customers to access the Company's virtual reality software platform. The terms of subscriptions do not provide customers the right to take possession of the software. Subscription revenue is generally recognized ratably over the contract term.

Professional services revenue is derived from implementation and consulting services. Professional services revenue is typically recognized over time as the services are rendered, using an efforts-expended (labor hours) input method.

Disaggregated revenue

The Company primarily operates as a real estate brokerage firm and discloses disaggregated revenue from services to customers across its four reportable segments to provide additional insight into the future recognition of revenue and cash flows. The vast majority of the Company's revenue is derived from providing real estate brokerage services, to purchasers and sellers of homes in the U.S., Canada and internationally. See *Note 10 – Segment Information* to the consolidated financial statements included elsewhere in this Annual Report for details regarding segment and geographic information.

Management provides disaggregation of revenue from its services to customers to provide additional insight into the future recognition of revenue and cash flows.

Sustainable Revenue Share Plan expenses

The Company's costs incurred under the Revenue Share Plan are included as commissions and other agent-related costs in the consolidated statements of comprehensive income.

Advertising and marketing costs

Advertising and marketing costs are generally expensed in the period incurred. Advertising and marketing expenses are included in the sales and marketing expense line item on the accompanying consolidated statements of comprehensive income. For the years ended December 31, 2023, 2022 and 2021, the Company incurred advertising and marketing expenses of $12,156, $15,359 and $12,180, respectively.

Income taxes

The Company records income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. The Company recognizes the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby: (i) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, it recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

Comprehensive (loss) income

The Company's only components of comprehensive (loss) income are net (loss) income and foreign currency translation adjustments.

Earnings per share

Basic earnings (loss) per share is computed by dividing the net (loss) income for the period by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing net (loss) income for the period by the weighted average number of shares of common stock outstanding plus, if potentially dilutive common shares outstanding during the period. The Company has paid dividends in 2023, 2022 and 2021. The Company does not have participating shares outstanding.

Accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position and results of operations.

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07 – Segment Reporting (Topic 280) ("ASU 2023-07"). ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The amendments in this update require, among other things, that a public company disclose on an annual and interim basis significant segment expense, as well as other segment expenses, that are regularly provided to the CODM. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, early adoption is permitted. The Company is currently evaluating the effect the amendments in ASU 2023-07 will have on its segment disclosures.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes (Topic 740) ("ASU 2023-09"). ASU 2023-09 improves reporting for income taxes, primarily by requiring disclosure of specific categories in the tax rate reconciliation and providing additional annual information for reconciling items that meet a quantitative threshold. The amendments in ASU 2023-09 also require additional annual information regarding income taxes paid, as well as other additional disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, early adoption is permitted. The Company is currently evaluating the effect the amendments in ASU 2023-09 will have on its tax disclosures.

3. ACQUISITIONS

The Company did not complete any acquisitions during the year ended December 31, 2023.

On July 1, 2022, the Company acquired Zoocasa Realty Inc. in a stock purchase transaction. The total consideration paid was $17,155 including net cash of $9,910 (net of cash acquired of $2,772), stock issued from treasury of $4,554 and a working capital adjustment. The Zoocasa acquisition has been accounted for using the acquisition method of accounting.

4. FAIR VALUE MEASUREMENT

The Company holds funds in a money market account, which are considered Level 1 assets. The Company values its money market funds at fair value on a recurring basis.

As of December 31, 2023 and 2022, the fair value of the Company's money market funds was $46,268 and $44,062, respectively.

There have been no transfers between Level 1, Level 2 and Level 3 in the periods presented. The Company did not have any Level 2 or Level 3 financial assets or liabilities in the periods presented.

5. PREPAIDS AND OTHER ASSETS

Prepaids and other assets consisted of the following:

	December 31, 2023	December 31, 2022
Prepaid expenses	$ 5,726	$ 5,580
Prepaid insurance	2,471	2,293
Rent deposits	-	15
Other assets (includes inventory)	1,425	580
Total prepaid expenses	$ 9,622	$ 8,468

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	December 31, 2023	December 31, 2022
Computer hardware and software	$ 37,444	$ 34,206
Furniture, fixture, and equipment	2,254	20
Total depreciable property and equipment	39,698	34,226
Less: accumulated depreciation	(27,733)	(19,282)
Depreciable property, net	11,965	14,944
Assets under development	1,013	3,207
Property, plant, and equipment, net	$ 12,978	$ 18,151

For the years ended December 31, 2023, 2022 and 2021, depreciation expense was $8,352, $7,934 and $4,974, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill were:

	December 31, 2023	December 31, 2022
Goodwill	$ 27,212	$ 12,945
Acquisitions	-	14,156
Impairments	(8,248)	-
Disposition	(2,310)	-
Currency translation impact	328	111
Total goodwill	$ 16,982	$ 27,212

During the fourth quarter of 2023, as part of the Company's annual goodwill impairment assessment, the Company determined that the goodwill associated with Virbela, the Company's technology segment was impaired. During the impairment evaluation, the Company determined that the projection for future cash flows associated with Virbela had declined significantly resulting from the post-COVID 19 work environment of return to the office and hybrid work initiatives globally, as well as the increase in the demand for artificial intelligence solutions. The Company determined the estimated fair value of Virbela using the market approach, which measures value based on what other purchasers in the market have paid for assets or business interests that can be considered reasonably similar to Virbela. Based on that approach, the estimated fair value was significantly lower than the book value of Virbela and the goodwill associated with Virbela was impaired. The Company recognized an impairment charge of $8,248 for the year ended December 31, 2023.

During 2023, the Company disposed of its Showcase Web Sites LLC business, which resulted in a reduction of goodwill of $2,310, this business was included in the North American Realty segment.

Goodwill was recorded in connection with the acquisition of Zoocasa in July 2022 and represents fair value as of the acquisition date. The acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the Company allocated the total purchase price to the tangible and identifiable intangible assets acquired and assumed liabilities based on their estimated fair values as of the acquisition date, as determined by management. The excess of the purchase price over the aggregate fair values of the identifiable assets was recorded as goodwill.

The Company has a risk of future impairment to the extent that individual reporting unit performance does not meet projections. Additionally, if current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates and other market factors, are not met, or if valuation factors outside of the Company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future.

Definite-lived intangible assets were as follows:

	December 31, 2023				December 31, 2022		
	Gross Amount	**Accumulated Amortization**	**Impairment**	**Net Carrying Amount**	**Gross Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Trade name	$ 3,257	($ 1,030)	$ (585)	$ 1,642	$ 3,459	($ 841)	$ 2,618
Existing technology	9,410	(3,800)	-	5,610	3,995	(2,458)	1,537
Non-competition agreements	468	(125)	-	343	461	(125)	336
Customer relationships	1,655	(652)	(370)	633	1,895	(551)	1,344
Licensing agreement	210	(210)	-	0	210	(181)	29
Intellectual property	2,836	(583)	-	2,253	2,836	-	2,836
Total intangible assets	$ 17,836	($ 6,400)	($ 955)	$ 10,481	$ 12,856	($ 4,156)	$ 8,700

For the years ended December 31, 2023, 2022 and 2021, amortization expense for definite-lived intangible assets was $2,540, $1,904 and $1,274, respectively.

As part of the Company's annual assessment, the Company also reviews the useful lives of its amortizable intangible assets and determines if there should be any change to the amortization period. For the amortizable assets related to the Virbela segment, the Company determined that the trade name and the customer relationships that were recognized as part of the acquisition, should be fully amortized as of December 31, 2023. This assessment was made based on the future negative operating cash flows and the decline in the estimated fair value of Virbela. As a result, the Company recognized an impairment loss related the net book value of the trade name of $585 and customer relationships $370.

As of December 31, 2023, expected amortization related to definite-lived intangible assets will be:

Expected amortization	
2024	$ 2,702
2025	2,299
2026	1,275
2027	608
2028 and thereafter	3,597
Total	$ 10,481

8. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31, 2023	December 31, 2022
Commissions payable	$ 60,010	$ 56,786
Payroll payable	8,866	6,236
Taxes payable	1,225	2,124
Stock liability awards	4,999	3,885
Other accrued expenses	13,082	9,913
	$ 88,182	$ 78,944

9. STOCKHOLDERS' EQUITY

Common Stock – As of December 31, 2023, our restated certificate of incorporation authorized us to issue 900,000,000 shares of common stock with a par value of $0.00001 per share.

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

	Year Ended December 31,		
	2023	2022	2021
Common stock:			
Balance, beginning of year	171,656,030	155,516,284	146,677,786
Shares issued for stock options exercised	832,993	2,105,237	3,155,170
Agent growth incentive stock compensation	2,219,881	2,571,569	2,037,942
Agent equity stock compensation	8,897,804	11,462,940	3,645,386
Balance, end of year	183,606,708	171,656,030	155,516,284

The Company's stockholder approved equity programs described below are administered under the 2015 Equity Incentive Plan. The purpose of the equity plan is to retain the services of valued employees, directors, officers, agents and consultants and to incentivize such persons to make contributions to the Company and motivate excellent performance.

Agent Equity Program

The Company provides agents and brokers the opportunity to elect to receive 5% of commissions earned from each completed residential real estate transaction in the form of common stock (the "Agent Equity Program" or "AEP") at a 10% discount recognized by the Company. 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.

For the years ended December 31, 2023, 2022 and 2021, the Company issued 8,897,804, 11,462,940 and 3,645,386 shares of common stock, respectively, to agents and brokers for $135,226, $164,104 and $144,437, respectively, net of discount.

Agent Growth Incentive Program

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

For the years ended December 31, 2023, 2022 and 2021, the Company's stock compensation attributable to the AGIP was $43,178, $30,861 and $24,493, respectively. The total amount of stock compensation attributable to liability classified awards was $3,832, $2,056 and $4,977 for the years ended December 31, 2023, 2022 and 2021, respectively.

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

	Amount
Stock grant liability balance at December 31, 2021	$ 4,341
Stock grant liability increase year to date	2,056
Stock grants reclassified from liability to equity year to date	(2,512)
Balance, December 31, 2022	$ 3,885
Stock grant liability increase year to date	3,832
Stock grants reclassified from liability to equity year to date	(2,717)
Balance, December 31, 2023	$ 5,000

As of December 31, 2023, the Company had 6,706,280 unvested common stock awards and unrecognized compensation costs totaling $65,989 attributable to stock awards where the performance metric has been achieved and the number of shares awarded are fixed. The cost is expected to be recognized over a weighted average period of 1.92 years.

The following table illustrates the Company's stock activity for the Agent Growth Incentive Program for stock awards where the performance metric has been achieved for the following periods:

	Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2021	5,174,654	$ 13.92
Granted	3,829,990	15.29
Vested and issued	(2,542,696)	6.28
Forfeited	(762,951)	18.80
Balance, December 31, 2022	5,698,997	$ 17.68
Granted	4,642,035	15.04
Vested and issued	(2,219,881)	11.73
Forfeited	(1,245,862)	17.35
Balance, December 31, 2023	6,875,289	$17.80

Agent Thrive Program

Announced in October 2023, the Thrive program provides a stock incentive to the individual team leaders of teams of culturally aligned teams that join the Company as part of the program. After affiliating with the Company, the team leader becomes eligible to receive an award of the Company's common stock through team performance benchmarks. Awards typically vest after production 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 production metrics. As such, the awards are classified as liabilities until the number of share awards becomes fixed once the production metric is achieved.

Stock Option Awards

Stock options are granted to directors, officers, certain employees and consultants with an exercise price equal to the fair market value of common stock on the grant date and the stock options expire 10 years from the date of grant. These options have time-based restrictions with equal and periodically graded vesting over a three-year period.

The fair value of the options issued was calculated using a Black-Scholes-Merton option-pricing model with the following assumptions:

	2023	2022	2021
Expected term	5 - 6 years	5 - 6 years	5 - 6 years
Expected volatility	73.64% - 76.78%	72.84% - 76.49%	68.85% - 86.33%
Risk-free interest rate	3.28% - 4.86%	1.49% - 4.10%	0.44% - 1.33%
Dividend yield	0.72% - 1.64%	0.53% - 1.48%	0.00% - 0.00%

The following table illustrates the Company's stock option activity for the following periods:

	Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Balance December 31, 2021	7,038,660	$ 8.70	$ 25.45	6.26
Granted	1,234,847	19.25	-	9.37
Exercised	(2,083,016)	0.68	18.10	—
Forfeited	(415,969)	13.68	8.74	—
Balance at December 31, 2022	5,774,522	$ 13.56	$ 2.21	7.63
Granted	2,468,299	14.81	-	8.46
Exercised	(832,993)	5.90	14.97	—
Forfeited	(1,198,706)	17.77	2.27	—
Expired	(12,578)	35.54	0.29	—
Balance at December 31, 2023	6,198,544	$ 14.23	$ 3.62	7.29
Exercisable at December 31, 2023	3,623,819	$ 12.30	$ 5.31	6.11
Vested at December 31, 2023	3,623,819	$ 12.30	$ 5.31	6.11

	Options	Weighted Average Exercise Price
Range of stock option exercise prices at December 31, 2023:		
$0.01 - $10.00 (average remaining life - 6.12 years)	2,573,627	$ 8.18
$10.01 - $30.00 (average remaining life - 8.20 years)	3,315,284	$ 16.59
$30.01 - $60.00 (average remaining life - 7.42 years)	309,633	$ 39.29

The grant date fair value of options to purchase common stock is recorded as stock-based compensation over the vesting period. As of December 31, 2023, unrecognized compensation cost associated with the Company's outstanding stock options was $22,897, which is expected to be recognized over a weighted-average period of approximately 1.32 years.

Stock Repurchase Program

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 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. In May 2022, the Board approved an increase to the total amount of its buyback program from $400.0 million to $500.0 million. In June 2023, the Board approved an increase to the total amount of its buyback program from $500.0 million to $1.0 billion. 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 Exchange Act, 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.

10b5-1 Repurchase Plan

The Company maintains an internal stock repurchase program with program changes subject to Board consent. From time to time, the Company adopts written trading plans pursuant to Rule 10b5-1 of the Exchange Act to conduct repurchases on the open market.

On January 10, 2022, the Company and Stephens Inc. entered into a form of Issuer Repurchase Plan ("Issuer Repurchase Plan") which authorized Stephens to repurchase up to $10.0 million of its common stock per month. On May 3, 2022, the Board approved a form of first amendment to the Issuer Repurchase Plan to increase monthly repurchases from $10.0 million of its common stock per month up to $20.0 million, which amendment was signed May 6, 2022. On September 27, 2022, the Board approved and the Company entered into, a form of second amendment to the Issuer Repurchase Plan, to decrease the monthly repurchases from $20.0 million of its common stock per month to $13.3 million, in anticipation of volume decreases in connection with the contraction in the real estate market. On December 27, 2022, the Board approved and the Company entered into, a form of third amendment to the Issuer Repurchase Plan, to decrease the monthly repurchases from $13.3 million of its common stock per month to $10.0

million, in connection with ongoing contractions in the real estate market. On May 10, 2023, the Board approved and, on May 11, 2023, the Company entered into, a form of fourth amendment to the Issuer Repurchase Plan, to increase the monthly repurchase amounts during 2023 due to actual and projected changes in the Company's cash and cash equivalents; specifically, to permit purchases of up to: (i) $17.0 million during May 2023, (ii) $22.0 million during June 2023, (iii) $18.67 million during any calendar month commencing July 1, 2023 through and including September 30, 2023, and (iv) $12.0 million during any calendar month commencing October 1, 2023 through and including December 31, 2023. On June 26, 2023, the Board approved, and the Company entered into, a form of fifth amendment to the Issuer Repurchase Plan to increase the maximum aggregate buyback from $500.0 million to $1.0 billion in accordance with the repurchase program limit. On November 17, 2023, the Board approved, and the Company entered into, a form of sixth amendment to the Issuer Repurchase Plan to reduce the monthly repurchase from (i) $12.0 million to $8.0 million during November 2023, (ii) from $12.0 million to $6.0 million during any calendar month commencing December 1, 2023 through and including June 30, 2024.

For accounting purposes, common stock repurchased under the stock repurchase programs is recorded based upon the settlement date of the applicable trade. Such repurchased shares are held in treasury and are presented using the cost method. These shares are considered issued but not outstanding. The following table shows the changes in treasury stock shares for the periods presented:

	Year Ended December 31,		
	2023	**2022**	**2021**
Treasury stock:			
Balance, beginning of year	18,816,791	6,751,692	2,534,494
Repurchases of common stock	10,110,152	12,408,430	4,217,198
Forfeiture to treasury stock for acquisition	10,728	-	-
Issuance of treasury stock for acquisition	-	(343,331)	-
Balance, end of year	28,937,671	18,816,791	6,751,692

10. SEGMENT INFORMATION

Segment information aligns with how the Chief Operating Decision Maker ("CODM"), Glenn Sanford, Chief Executive Officer of eXp World Holdings, Inc. and eXp Realty, LLC, a wholly owned subsidiary of the Company ("eXp Realty") manages the business and allocates resources as four operating segments. The Company determines an operating segment if a component (i) engages in business activities from which it earns revenues and incurs expenses, (ii) has discrete financial information and is (iii) regularly reviewed by the CODM. Once operating segments are identified, the Company performs a quantitative analysis of the current and historic revenues and profitability for each operating segment, together with a qualitative assessment to determine if operating segments have similar operating characteristics. We have four operating segments and four reportable segments.

The CODM uses revenues and Adjusted Segment EBITDA as key metrics to evaluate the operating and financial performance of a segment, identify trends affecting the segments, develop projections and make strategic business decisions. Adjusted Segment EBITDA for the reportable segments is defined as operating profit (loss) plus depreciation and amortization and stock-based compensation expenses. The Company's four reportable segments as follows:

- North American Realty: includes real estate brokerage operations in the United States and Canada, as well as lead-generation and other real estate support services provided in North America.
- International Realty: includes real estate brokerage operations in all other international locations.
- Virbela: includes the enterprise application-based Virbela platform and web-based Frame platform and the support services offered by eXp World Technologies.
- Other Affiliated Services: includes our SUCCESS® Magazine and other smaller ventures.

The Company also reports corporate expenses, as further detailed below, as "Corporate and other" which include expenses incurred in connection with business development support provided to the agents as well as resources, including administrative, brokerage operations and legal functions.

All segments follow the same basis of presentation and accounting policies as those described throughout the Notes to the Audited Consolidated Financial Statements included herein. The following table provides information about the Company's reportable segments and a reconciliation of the total segment Revenues to consolidated Revenues and Adjusted Segment EBITDA to the consolidated operating profit (in thousands). Financial information for the comparable prior periods presented have been revised to conform with the current year presentation.

	Revenues		
	Year Ended December 31,		
	2023	2022	2021
North American Realty	$ 4,220,063	$ 4,552,938	$ 3,745,354
International Realty	53,931	35,924	17,804
Virbela	7,284	8,485	8,615
Other Affiliated Services	4,802	5,084	2,896
Revenues reconciliation:			
Segment eliminations	(4,975)	(4,270)	(3,499)
Consolidated revenues	$ 4,281,105	$ 4,598,161	$ 3,771,170

	Adjusted EBITDA		
	Year Ended December 31,		
	2023	2022	2021
North American Realty	$ 91,101	$ 103,255	$ 116,800
International Realty	(13,657)	(13,708)	(9,138)
Virbela	(5,725)	(9,642)	(12,637)
Other Affiliated Services	(3,795)	(2,600)	(3,322)
Corporate expenses and other	(10,376)	(16,756)	(13,708)
Consolidated Adjusted EBITDA	$ 57,548	$ 60,549	$ 77,995
Operating (Loss) Profit Reconciliation:			
Depreciation and amortization expense	10,892	9,838	6,248
Impairment expense	9,203	-	-
Stock compensation expense	43,178	30,861	24,493
Stock option expense	10,736	14,442	13,102
Consolidated operating (loss) profit	($ 16,461)	$ 5,408	$ 34,152

	Goodwill	
	December 31, 2023	December 31, 2022
North American Realty	$ 14,595	$ 16,577
International Realty	-	-
Virbela	-	8,248
Other Affiliated Services	2,387	2,387
Segment total	16,982	27,212
Corporate and other	-	-
Consolidated total	$ 16,982	$ 27,212

Geographical information

For the years ended December 31, 2023, 2022 and 2021 approximately 9%, 9% and 8%, respectively, of the Company’s total revenue was generated outside of the U.S. Long-lived assets held outside of the U.S. were 14% and 6% as of December 31, 2023 and 2022, respectively.

The Company’s CODM does not use segment assets to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

11. 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:

	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net (loss) income attributable to eXp World Holdings, Inc.	($ 8,973)	$ 15,442	$ 81,220
Denominator:			
Weighted average shares - basic	153,232,129	151,036,110	146,170,871
Dilutive effect of common stock equivalents	-	5,184,055	11,558,503
Weighted average shares - diluted	153,232,129	156,220,165	157,729,374
Earnings per share:			
(Loss) earnings per share attributable to common stock- basic	($ 0.06)	$ 0.10	$ 0.56
(Loss) earnings per share attributable to common stock- diluted	($ 0.06)	$ 0.10	$ 0.51

For the years ended December 31, 2023, 2022 and 2021, total outstanding shares of common stock excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive were 4,361,775, 1,000,421 and 102,880, respectively.

12. INCOME TAXES

The following table provides the components of income before provision for income taxes by domestic and foreign subsidiaries:

	Year Ended December 31,		
	2023	2022	2021
Domestic	($ 16,522)	$ 1,029	$ 32,804
Foreign	3,087	3,559	929
Total	($ 13,435)	$ 4,588	$ 33,733

The components of the provision for (benefit from) income tax expense are as follows:

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	$ 305	$ -	$ -
State	795	737	456
Foreign	1,788	2,312	1,650
Total current income tax provision	2,888	3,049	2,106
Deferred			
Federal	(4,995)	(11,444)	(41,599)
State	(1,494)	(1,674)	(6,574)
Foreign	(861)	(767)	(1,420)
Total deferred income tax benefit	(7,350)	(13,885)	(49,593)
Total provision (benefit) for income taxes	($ 4,462)	($ 10,836)	($ 47,487)

The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	Year Ended December 31,		
	2023	2022	2021
Statutory tax rate	21.00%	21.00%	21.00%
State taxes	0.60%	17.52%	5.22%
Permanent differences	1.03%	(0.40)%	(0.08)%
Research & Development Credit	15.48%	(49.64)%	(6.04)%
Unrecognized tax benefit	(3.87)%	12.41%	1.51%
Share-based compensation	24.64%	(265.42)%	(107.20)%
Sec. 162m compensation limitation	(21.23)%	47.85%	8.12%
Foreign tax rate differential	(1.02)%	(1.65)%	0.27%
Valuation allowance	-%	-%	(65.54)%
Prior year true up items	(3.29)%	(19.99)%	(0.63)%
Other net	(0.13)%	2.13%	2.65%
Total	33.21%	(236.19)%	(140.72)%

The Company has made certain prior year reclassifications to research and development credit, unrecognized tax benefit, share-based compensation and other categories to ensure consistency with current year presentation. These reclassifications had no effect on total effective tax rate.

Deferred tax assets and liabilities consist of the following for the periods presented:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carryforward	$ 34,028	$ 41,192
Accruals and Reserves	3,127	3,129
Goodwill and Intangibles	1,782	257
Research and Experimental Costs	14,757	8,401
Research and Development Credit	4,632	3,826
Share-based compensation	15,872	11,871
Total gross deferred tax assets	74,198	68,676
Deferred tax liabilities:		
Property and equipment	(2,779)	(3,467)
Intangibles/Goodwill	-	(656)
Right of use lease asset	(3)	(519)
Other	(94)	(55)
Net deferred tax assets	$ 71,322	$ 63,979

Certain prior year deferred asset amounts have been reclassified for consistency with the current year presentation. In prior year the Company reported nominal deferred tax asset balances for partnership basis difference, lease liability and legal settlement accruals, these balances were reported as part of accruals and reserves in 2023. Further, in prior year research and experimental costs were reported combined with intangible assets, these costs were stated separately in 2023. These reclassifications had no effect on gross and net deferred tax assets.

The Company accounts for deferred taxes under ASC Topic 740 – Income Taxes ("ASC 740"), which requires a reduction of the carrying amount of deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more-likely-than-not realization threshold criterion. This assessment considers matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The evaluation of the recoverability of the deferred tax assets requires that the Company weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. As of December 31, 2023, based on its assessment of the realizability of its net deferred tax assets, we reached the conclusion that our US federal, US State and foreign net deferred tax assets more-likely-than-not will be fully realized and therefore no valuation allowance was recorded.

As of December 31, 2023, the Company had federal, state and foreign net operating losses of approximately $125.8 million, $74.1 million and $12.9 million, respectively. The full amount of $125.8 million of federal net operating loss can be carried forward indefinitely and can offset 80% of future taxable income. Certain state and foreign net operating losses will carry forward for limited number of years and, if not utilized, will begin to expire in 2024. As of December 31, 2023, the Company conducted an IRC Section 382 analysis with respect to its net operating loss carryforward and determined there was an immaterial limitation.

Undistributed earnings of the Company's foreign subsidiaries are considered to be indefinitely reinvested and accordingly, no provision for applicable income taxes has been provided thereon. Upon distribution of those earnings, the Company would be subject to withholding taxes payable to various foreign countries. As of December 31, 2023 the undistributed earnings of the Company's foreign subsidiaries could result in withholding taxes of approximately $0.8 million, if repatriated.

As of December 31, 2023, the Company had federal and California Research and Development credits of approximately $5.8 million and $0.9 million, respectively. Federal credit can be carried forward 20 years and will begin to expire in 2039. California credit can be carried forward indefinitely.

The Company maintains liabilities for uncertain tax positions. These liabilities involve considerable judgment and estimation and are continuously monitored by management based on the best information available, including changes in tax regulations, the outcome of relevant court cases, and other information. A reconciliation of the beginning and ending amount of gross unrecognized benefits is as follows:

	Year Ended December 31,		
	2023	2022	2021
Unrecognized tax benefits - beginning of year	$ 1,309	$ 530	$ -
Gross increase for tax positions of prior years	63	199	325
Gross increase for tax positions of current year	532	580	205
Unrecognized tax benefits - end of year	$ 1,904	$ 1,309	$ 530

The unrecognized tax benefits relate to Federal and California research and development credits in 2023, 2022, and 2021. As of December 31, 2023, the total amount of unrecognized tax benefits that would affect the Company effective tax rate, if recognized, is $1,904. The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2023, the Company accrued interest or penalties related to uncertain tax positions in the amount of $0. The company does not expect of the uncertain tax position to reverse during the next 12 month.

During 2022 the Company completed its federal examination for 2019 with no change to the original filing. There are no federal or state tax examinations in progress nor has it had any state tax examinations since its inception. Because the Company has net operating loss carryforwards, there are open statutes of limitations in which federal taxing authorities may examine the Company's tax returns for all years from December 31, 2011 through the current period. US State taxing authorities may examine the Company's tax return for all years from December 31, 2014 through the current period and foreign tax authorities may examine the Company's tax return for all years from December 31, 2019 through the current period.

The Company is subject to a wide variety of tax laws and regulations across the jurisdictions where it operates. Regulatory developments from the U.S. or international tax reform legislation could result in an impact to the Company's effective tax rate. The Company continues to monitor the Base Erosion and Profit Shifting (BEPS) Integrated Framework provided by the Organization for Economic Co-operation and Development (OECD) including the legislative adoption of Pillar II by countries, and all other tax regulatory changes, to evaluate the potential impact on future periods.

13. COMMITMENTS AND CONTINGENCIES

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.

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. The Company believes that its defenses and assertions in pending legal proceedings have merit and the Company believes that it has adequately and appropriately accrued for legal matters that are estimable. However, substantial unanticipated judgments, penalties, sanctions, and fines do occur. As a result, the Company could from time to time incur judgments, enter into settlements, or revise its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations in the period in which the amounts are accrued and/or its cash flows in the period in which the amounts are paid.

For the cases described below, management is currently unable to reasonably estimate the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in preliminary stages, (ii) specific damage amounts have not been sought, (iii) damages sought are, in our opinion, unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals or motions in these and similar lawsuits affecting the industry, (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories presented. For the matters described below, we have not recorded any accruals as of December 31, 2023. However, the Company has determined that a material loss is reasonably possible in the near term, and facts could emerge through the course of the lawsuits that lead the Company to determine that a loss is estimable, resulting in an accrued liability that could be material.

Since October 31, 2023, the Company and/or its subsidiaries have been named as defendants in numerous putative class action complaints brought in various U.S. district courts and the Federal Court of Canada relating to antitrust matters, which lawsuits are described below.

The following lawsuits, brought by putative classes of residential property sellers, allege that defendants participated in a system that resulted in sellers of residential property purportedly paying inflated buyer broker commissions in violation of federal and state antitrust laws, as applicable: *Gibson et. al. v. National Association of Realtors et. al.,* Case No. 4:23-cv-00788-FJG (filed in the United States District Court for the Western District of Missouri, Western Division); *1925 Hooper LLC, et al. v. The National Association of Realtors et. al.,* Case No. 1:23-cv-05392- SEG (United States District Court for the Northern District of Georgia, Atlanta Division); *Grace v. The National Association of Realtors, et al.*, Case No. 3:23-cv-06352 (United States District Court for the Northern District of California, San Francisco Division); *Umpa, et al. v. The National Association of Realtors et. al.*, Case No. 4:23-cv-00945 (United States District Court for the Western District of Missouri, Western Division); *Gael Fierro et al. v. The National Association of Realtors, et al.*, Case No. 2:24-cv-00449 (United States District Court for the Central District of California); *Willsim Latham, LLC, et al. v. MetroList Services, Inc., et al.*, Case No. 2:24-at-00067 (United States District Court for the Eastern District of California, Sacramento Division); *Kevin McFall v. Canadian Real Estate Association, et al.*, Case No. T-119-24-ID 1 (Federal Court of Canada); and *Nathaniel Whaley et al. v. The National Association of Realtors, et al.*, Case No. 2:24-cv-00105 (United States District Court for the District of Nevada). The following lawsuit, brought by a putative class of residential property buyers, alleges that defendants participated in a system that resulted in buyers of residential property purportedly paying inflated home prices as a result of sellers purportedly paying inflated buyer broker commissions in violation of federal and Illinois antitrust laws: *Batton v. Compass, Inc., et. al.*, Case No. 1:23-cv-15618 (United States District Court for the Northern District of Illinois, Eastern Division). The plaintiffs in these lawsuits seek a permanent injunction enjoining the defendants from requiring home sellers to pay buyer-broker commissions or from otherwise restricting competition among brokers, an award of declaratory relief and damages or restitution on behalf of certain home sellers or buyers, as applicable, in those states or provinces, as applicable, as well as attorneys' fees and costs of suit. Plaintiffs allege joint and several liability and seek treble or other multiple damages.

Each antitrust lawsuit is in the pleadings phase and the Company intends to vigorously defend against all claims. The Company may become involved in additional litigation or other legal proceedings concerning the same or similar claims.

Commitments

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.

14. DEFINED CONTRIBUTION SAVINGS PLAN

The Company offers a defined contribution savings plan to provide eligible employees with a retirement benefit that permits eligible employees the opportunity to actively participate in the process of building a personal retirement fund. The Company sponsors the defined contribution savings plan. The Company matches a portion of contributions made by participating employees. For the years ended December 31, 2023, 2022 and 2021, the Company's costs for contributions to this plan were $4,763, $4,720, and $3,196, respectively.

15. SUBSEQUENT EVENTS

Quarterly Cash Dividend

On February 14, 2024, our Board of Directors approved a cash dividend of $0.05 per common share to be paid on March 29, 2024 to stockholders of record on March 8, 2024.The ex-dividend date is expected to be on or around March 7, 2024. The dividend will be paid in cash.

Antitrust Litigation

The Company and certain of its subsidiaries were named in additional antitrust litigation after December 31, 2023; specifically, the Fierro Litigation, the McFall Litigation, the Latham Litigation, the Whaley Litigation, and the Boykin Litigation.

The Boykin litigation was filed on February 16, 2024 as a putative class action complaint under the caption *Boykin v. The National Association of Realtors, et al.* (Case No. 2:24-cv-00340) in the United States District Court for the District of Nevada, naming as defendants the National Association of Realtors, certain regional Realtor associations, certain regional multiple listing services, certain real estate brokerages, and certain real estate brokerage owners, including eXp World Holdings, Inc. The Boykin Litigation complaint alleges that defendants conspired to restrain trade by causing certain home sellers to pay buyer broker fees and inflated commissions on the sale of homes all in violation of federal antitrust laws and Nevada unfair trade practices laws. The putative class representative seeks to represent a class of persons who paid a commission to a buyer's broker in connection with the sale of a home from February 16, 2020, through the present. Plaintiff, on behalf of herself and the putative class, seeks a permanent injunction enjoining the defendants from engaging in the alleged unlawful acts described in the Boykin Litigation complaint. Plaintiff, on behalf of herself and the putative class, also seeks an award of declaratory relief, damages in an amount to be determined at trial, statutory interest and penalties, and attorneys' fees, expenses and costs of suit.

See *Note 13 – Commitments and Contingencies* to the consolidated financial statements included elsewhere in this Annual Report for additional information about such litigation and other proceedings.

Agent Equity Program

Beginning March 1, 2024, agents and brokers may receive 5% of commissions earned from each completed residential real estate transaction in the form of common stock at a 5% discount recognized by the Company (which was previously 10% discount on all AEP purchases before March 1, 2024). Under the AEP, agents and brokers that have elected to receive portions of their commissions in common stock are entitled to receive the equivalent number of shares of common stock, based on the fixed monetary value of the commission payable.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of December 31, 2023. The term "disclosure controls and procedures" means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation, the Company's management has concluded that our disclosure controls and procedures are effective as of December 31, 2023 to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023. In making its evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013).* Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023. Deloitte and Touche LLP, our independent registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting, which is included below.

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting that occurred during the year ended December 31, 2022 that have materially affected, or are reasonably believed to be likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Principal Executive Officer, the Principal Financial Officer and the Principal Accounting Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of eXp World Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of eXp World Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 22, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

San Francisco, California

February 22, 2024

Item 9B. OTHER INFORMATION

Insider Trading Arrangements

During the three months ended December 31, 2023, no directors of officers (as defined in Rule 16a-1(f) of the Exchange Act adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408 of Regulation S-K.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a written Code of Business Conduct and Ethics that applies to all directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, and senior financial officers. Our Code of Business Conduct and Ethics is available in the corporate governance subsection of the investor relations section of our website, *www.expworldholdings.com and* is available in print upon written request to the Corporate Secretary, eXp World Holdings, Inc., 2219 Rimland Drive, Suite 301, Bellingham, WA 98226. In the event that we make changes in, or provide waivers from, the provisions of the Code of Business Conduct and Ethics that the SEC requires us to disclose, we will disclose these events in the corporate governance section of our website. Information contained on our website is not incorporated by reference into this Annual Report.

The other information required by this Item will be included in the Company's definitive proxy statement to be filed with the SEC within 120 days after December 31, 2023, in connection with the solicitation of proxies for the Company's 2024 annual meeting of stockholders (the "2024 Proxy Statement") and is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information as of December 31, 2023, regarding shares of our common stock that may be issued under the Company's equity compensation plan, consisting of our 2015 Equity Incentive Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders[(1)(2)]	12,904,824	$ 6.84	7,855,460
Total	12,904,824	$ 6.84	7,855,460

(1) The 2015 Equity Incentive Plan provides for an automatic increase in the number of shares reserved for issuance thereunder on December 1 of each calendar year commencing on December 1, 2019, and ending on (and including) December 1, 2024, in an amount equal to the lesser of (a) three percent (3%) of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (b) the number of shares of common stock repurchased by the Company pursuant to any issuer repurchase plan then in effect; provided that the Board of Directors may act prior to December 1 of a given year to provide that there will be no share increase for such year or that the increase for such year will be a lesser number of shares than otherwise provided in clause (a) or (b).

(2) The weighted average exercise price includes restricted stock unit awards that can be exercised for no consideration. The weighted average exercise price excluding these restricted stock unit awards is $6.84.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements. See Consolidated Financial Statements in Part II, Item 8.

(a)(2) Financial Statements Schedule. All other schedules have been omitted because they are inapplicable, not required or because the information is presented in the Consolidated Financial Statements or notes thereto.

(a)(3) Exhibits. The exhibits listed in the Exhibit Index immediately below are filed as part of this Annual Report or are incorporated herein by reference.

EXHIBITS

		Incorporated by Reference		
Exhibit Number	**Exhibit Description**	**Form**	**Exhibit**	**Filing Date/Period End Date**
3.1	Restated Certificate of Incorporation, effective February 21, 2023	10-K	3.1	2/28/2023
3.2	Restated Bylaws, effective January 13, 2022	10-K	3.2	2/28/2023
4.1*	Description of Securities	NA	NA	NA
10.1†	2015 Equity Incentive Plan of eXp World Holdings, Inc. (fka eXp Realty International Corporation)	14C	NA	4/2/2015
10.2†	First Amendment to 2015 Equity Incentive Plan of eXp World Holdings, Inc.	14C	NA	10/6/2017
10.3†	Second Amendment to 2015 Equity Incentive Plan of eXp World Holdings, Inc.	14C	NA	12/15/2019
10.4	eXp World Holdings, Inc. Stock Repurchase Program	8-K	NA	12/27/2018
10.5	First Amendment to eXp World Holdings, Inc Stock Repurchase Program	8-K	NA	11/27/2019
10.6	Second Amendment to eXp World Holdings, Inc. Stock Repurchase Program	10-K	10.8	3/11/2021
10.7	Third Amendment to eXp World Holdings, Inc. Stock Repurchase Program	8-K	NA	5/4/2022
10.8	Fourth Amendment to eXp World Holdings, Inc. Stock Repurchase Program	8-K	NA	5/22/2023
10.9	Issuer Repurchase Plan, dated January 10, 2022, by and between eXp World Holdings, Inc. and Stephens Inc. ("Stock Repurchase Plan")	8-K	10.3	5/4/2022
10.10	First Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.4	5/4/2022
10.11	Second Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.5	9/29/2022
10.12	Third Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.10	12/27/2022
10.13	Fourth Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.1	5/12/2023
10.14	Fifth Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.1	6/26/2023
10.15	Sixth Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.1	11/17/2023
10.16	U.S. Form of Independent Contractor Agreement	NA	NA	NA
10.17	U.S. Form of Policies & Procedures	NA	NA	NA
10.18†	U.S. Form of 2015 Agent Equity Program Participation Election Form	NA	NA	NA
14.1*	Code of Business Conduct and Ethics	NA	NA	NA
21.1*	Subsidiaries of the Registrant	NA	NA	NA
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm***	NA	NA	NA
24.1*	Power of Attorney (included on signature page hereto)	NA	NA	NA

31.1*	Certification of the Chief Executive pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	NA	NA	NA
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	NA	NA	NA
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	NA	NA	NA
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	NA	NA	NA
97*	Policy Relating to Recovery of Erroneously Awarded Compensation	NA	NA	NA
101.INS*	Inline XBRL Instance Document	NA	NA	NA
101.SCH*	Inline XBRL Taxonomy Extension Schema Document	NA	NA	NA
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document	NA	NA	NA
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document	NA	NA	NA
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document	NA	NA	NA
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document	NA	NA	NA
104*	Cover Page Interactive Data File (embedded within the inline XBRL document)	NA	NA	NA

*Filed herewith
**Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

† Management contract or compensatory plan or arrangement

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

eXp World Holdings, Inc.
(Registrant)

Date: February 22, 2024

/s/ Glenn Sanford
Glenn Sanford
Chief Executive Officer (Principal Executive Officer)

Date: February 22, 2024

/s/ Kent Cheng
Kent Cheng
Chief Accounting Officer (Principal Financial Officer)

POWER OF ATTORNEY

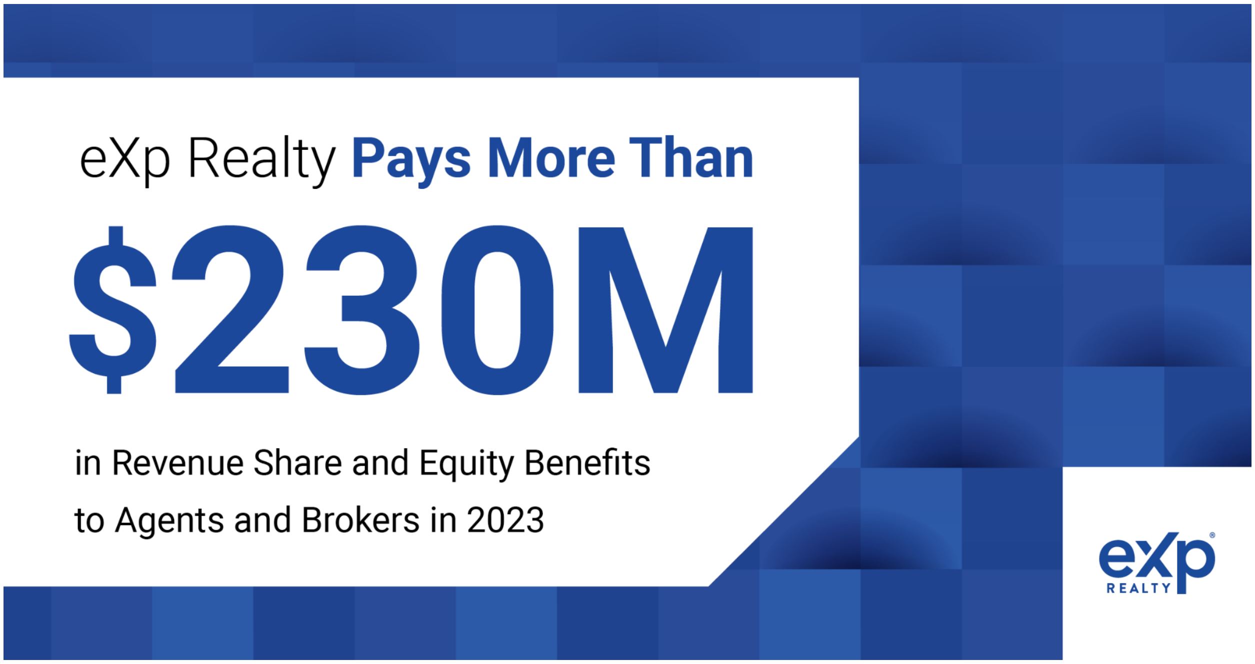
KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Glenn Sanford and Kent Cheng, severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ GLENN SANFORD **Glenn Sanford**	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	February 22, 2024
/s/ KENT CHENG **Kent Cheng**	Chief Accounting Officer (Principal Financial Officer)	February 22, 2024
/s/ JAMES BRAMBLE **James Bramble**	Chief Legal Counsel and Corporate Secretary	February 22, 2024
/s/ RANDALL MILES **Randall Miles**	Director	February 22, 2024
/s/ DAN CAHIR **Dan Cahir**	Director	February 22, 2024
/s/ MONICA WEAKLEY **Monica Weakley**	Director	February 22, 2024
/s/ PEGGIE PELOSI **Peggie Pelosi**	Director	February 22, 2024
/s/ FRED REICHHELD **Fred Reichheld**	Director	February 22, 2024

EXHIBIT II

PRESS RELEASE ISSUED BY EXP WORLD HOLDINGS, INC. ON MARCH 11, 2024



eXp Realty Pays More Than $230 Million in Revenue Share and Equity Benefits to Agents and Brokers in 2023

The compensation highlights the company's unwavering commitment to agent success

BELLINGHAM, Wash. — March 11, 2024 — eXp Realty®, "the most agent-centric real estate brokerage on the planet™" and the core subsidiary of eXp World Holdings, Inc. (Nasdaq: EXPI), today announced its 2023 revenue share and agent equity distribution statistics, underscoring its competitive compensation framework as a catalyst for ongoing agent expansion. The company paid agents and brokers over $230 million in revenue share and equity benefits in 2023.

Revenue share and equity paid to agents and brokers highlight eXp Realty's steadfast dedication to fostering agent growth and success through innovative compensation structures:

- Revenue share to agents was $197.9 million in 2023.
- Through its innovative agent growth incentive program, eXp World Holdings issued approximately 2.22 million EXPI shares to eXp Realty agents and brokers in 2023, with an estimated value of approximately $34.7 million, showcasing a commitment to agent ownership and wealth-building opportunities.
- Despite market challenges, eXp Realty continued to lead by distributing an unparalleled amount of profit/revenue share and equity benefits to agents and brokers, more than any other real estate brokerage model or platform.

"Our mission is simple: empower agents to succeed and solve their biggest pain points," said Glenn Sanford, Founder, and CEO of eXp Realty. "Before we created this company, real estate agents were not offered any meaningful ownership in the brokerages they were part of, so we built eXp to compensate our agents for their contributions to our growth. We're not just a brokerage, we're a community of forward-thinkers committed to shared growth opportunities. Despite market challenges, our resilient model continues to thrive, proving that when our agents succeed, we all do."

Sanford further added, "Our unique approach to agent compensation and equity ownership is a testament to our belief in shared success. As we continue to build in the evolving real estate landscape, our focus remains on empowering agents, fostering their growth, and ensuring they have a significant stake in the collective success of our company."

About eXp World Holdings, Inc.

eXp World Holdings, Inc. (Nasdaq: EXPI) is the holding company for eXp Realty®, Virbela® and SUCCESS® Enterprises.

eXp Realty is the largest independent real estate company in the world with more than 86,000 agents in the United States, Canada, the United Kingdom, Australia, South Africa, India, Mexico, Portugal, France, Puerto Rico, Brazil, Italy, Hong Kong, Colombia, Spain, Israel, Panama, Germany, Dominican Republic, Greece, New Zealand, Chile, Poland and Dubai and continues to scale internationally. As a publicly traded company, eXp World Holdings provides real estate professionals the unique opportunity to earn equity awards for production goals and contributions to overall company growth. eXp World Holdings and its businesses offer a full suite of brokerage and real estate tech solutions, including its innovative residential and commercial brokerage model, professional services, collaborative tools and personal development. The cloud-based brokerage is powered by Virbela, an immersive 3D platform that is deeply social and collaborative, enabling agents to be more connected and productive. SUCCESS® Enterprises, anchored by *SUCCESS®* magazine and its related media properties, was established in 1897 and is a leading personal and professional development brand and publication.

For more information, visit https://expworldholdings.com.

Safe Harbor Statement

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include, but are not limited to, statements about financial performance. Such forward-looking statements speak only as of the date hereof, and the Company undertakes no obligation to revise or update them. Such statements are not guarantees of future performance. Important factors that may cause actual results to differ materially and adversely from those expressed in forward-looking statements include changes in business or other market conditions; outcomes of ongoing litigation; the difficulty of keeping expense growth at modest levels while increasing revenues; and other risks detailed from time to time in the Company's Securities and Exchange Commission filings, including but not limited to the most recently filed Quarterly Report on Form 10-Q and Annual Report on Form 10-K.

Media Relations Contact:

eXp World Holdings, Inc.

mediarelations@expworldholdings.com