



# Q1 2024 Financial Results

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**Virtual Fireside Chat**

May 1, 2024

# Q1 2024 Earnings



**Glenn Sanford**

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Founder, Chairman &  
Chief Executive Officer,  
eXp World Holdings



**Leo Pareja**

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Chief Executive Officer,  
eXp Realty



**Kent Cheng**

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Principal Financial Officer,  
Chief Accounting Officer,  
eXp World Holdings

# Forward Looking Statements

There will be a number of forward-looking statements<sup>1</sup> made today that should be considered in conjunction with the cautionary statements contained in the Company's SEC filings.

Forward-looking statements are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements.

Please see our filings with the SEC, including our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q, for a discussion of specific risks that may affect our business, performance and financial condition.

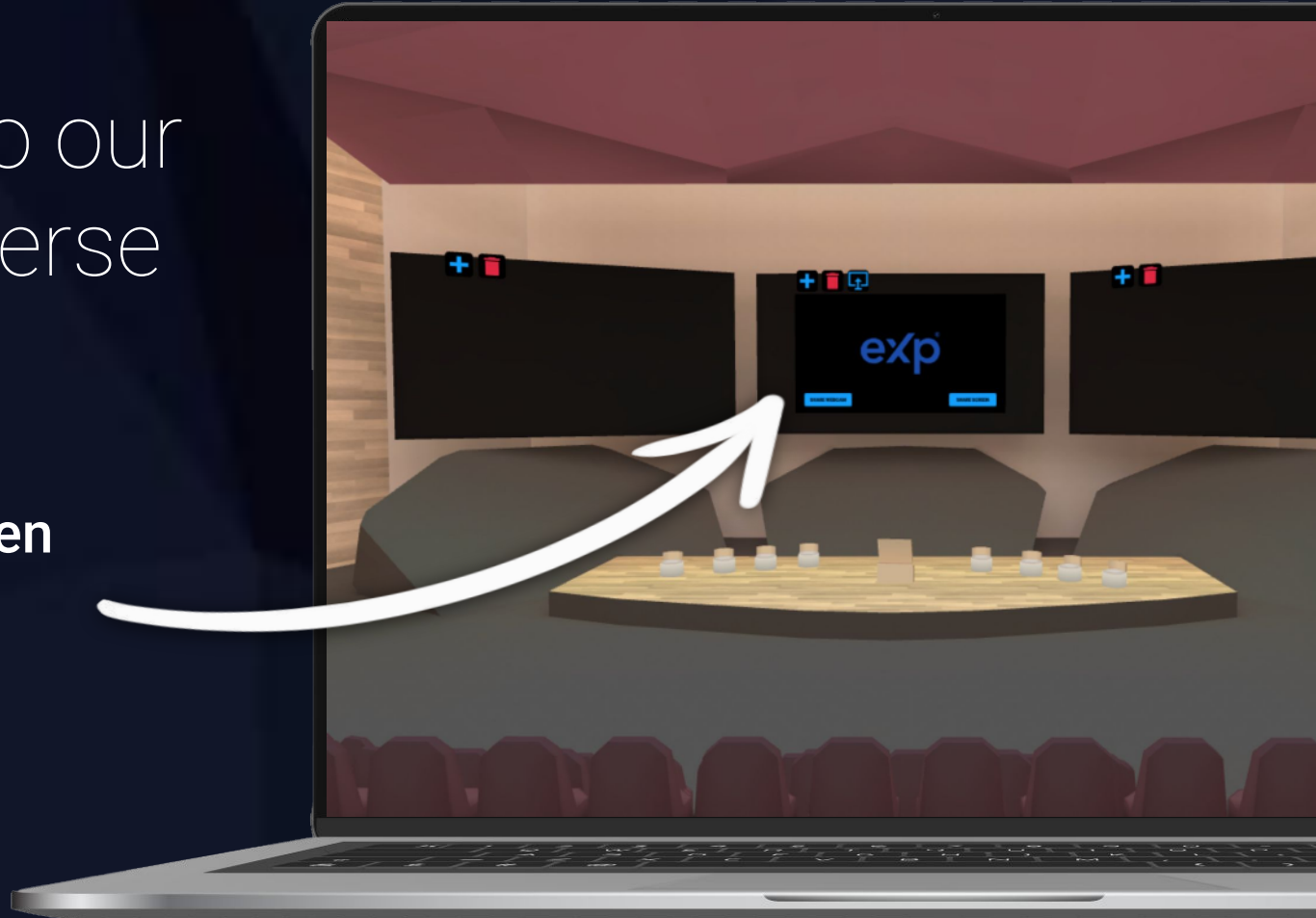
We assume no obligation to update or revise any forward-looking statements or information.

<sup>1</sup>*Within the meaning of the Private Securities Litigation Reform Act of 1995*

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# Business Highlights Q1 2024



## **Glenn Sanford**

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Founder, Chairman &  
Chief Executive Officer,  
eXp World Holdings

# The eXp Platform

A Differentiated Platform Creating Value &  
Driving Success Worldwide

**The Most Agent-Centric Real Estate Brokerage on the Planet**

**exp**<sup>®</sup> | NORTH AMERICA  
REALTY

**exp**<sup>®</sup> | INTERNATIONAL  
REALTY

**SUCCESS**<sup>®</sup>

 **FRAME**

# Q1 Highlights

We are entering 2024 with momentum

Q1 2024

vs.

Q1 2023

- Improved our aNPS score three points, from 70 to 73
- Increased transactions and revenue
  - 5% increase in real estate sales transactions
  - 11% increase in revenue
- Continued to add multiple highly productive teams and agents around the world
  - In the US, agents on teams are 77% more productive than individual agents
- Increased International realty revenue 45%
- Continued to strengthen the agent value proposition
- Expanded the eXp Realty executive team
  - Leo Pareja, formerly Chief Strategy Officer, named Chief Executive Officer
  - Wendy Forsythe as Chief Marketing Officer
  - Renee Kaspar as Executive Vice President and Chief Human Resources Officer
  - Seth Siegler as Chief Innovation Officer
  - Sumanth Kamath as Chief Technology Officer
  - Felix Bravo as Vice President, Global Growth



# Q1 Recap



## Leo Pareja

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Chief Executive Officer,  
eXp Realty

# eXp Realty Outperforms the Industry

eXp Continues To Increase Market Share Due To Agent Growth And Productivity Gains

## Q1 2024 Home Sales Transactions Growth (Y/Y)

	eXp Realty	Industry
<b>Q1</b>	+2.0%	-2.7%

## eXp Estimated Market Share

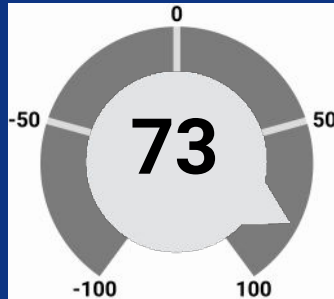
	2023	2024	Growth (Y/Y)
<b>Q1</b>	4.2%	4.4%	4.9%

# High NPS Drives Long-Term Growth

Delivering a strong agent experience

**Q1 2024 aNPS score  
of 73, a 3 point  
improvement over  
Q1 2023**

**aNPS is a leading  
indicator of future  
growth**



## **Agent NPS Remains Strong**

- 73 for Q1'24 vs. 70 for Q1'23

## **Focus Areas Driving aNPS**

- Expert Care Desk
  - Quick resolutions to issues
  - Agents now have one number to contact 24/7 worldwide
- eXp.World
  - Web-based
- Transaction Processing
  - 87% of our agents rate our transactions process a 9 or 10
  - Introduced real-time payments for prompt commission payment

## **Continued Investment in Agents**

- eXp Realty paid more than \$230 million in revenue share and equity benefits to its agents and brokers in 2023
- REVENUE Share 2.0

# Agent Awards & Recognition

eXp Widely Recognized



## Recent Recognition

- Top eXp agents and teams named to the [2023 Top Producers Lists](#)
  - Highest achievers in sales volume and transaction sides
- eXp Realty secured the top spot in five categories in the [RealTrends 500 report](#):
  - Transaction Sides, 5 Year Top Movers (Sides), 5 Year Top Movers (Volume), Best Brokerages and Public Independent.
  - Increased position to #3 in Volume and Billionaires' Club
- Glenn Sanford awarded the [Bravo Leadership Award](#) from Direct Selling News
- eXp Realty again secured the prestigious No. 1 spot in transactions on the [2024 RISMedia Power Broker Report](#). The company also climbed to No. 3 for residential home sales volume, advancing from No. 4 last year

Our medium-term AI roadmap includes a number of agent-centric business process improvements in the following areas, among others:

- **Broker Support**
  - Luna 2.0: Customized generative AI-based personal assistants responsive to both eXp-specific and broader industry questions
- **Document Creation and Review**
  - Improve employee and agent productivity by improving turn times in areas such as contracts
- **Organizational Flexibility**
  - “Follow the Sun” strategy leverages AI to enable 24/7 operations worldwide in support of agent preferences, driving enhanced productivity

# \$20 Million Profit Improvement Plan

On track with \$20 million profit improvement plan

## **In the first quarter we implemented:**

1. \$13.3 million estimated annualized profit enhancement initiatives
2. \$13.9 million cost-savings programs
  - a. \$10.9 million estimated annualized savings from reduced personnel costs, excluding severance
  - b. \$3.0 million estimated annualized savings from Virbela
3. **A total of \$27.2 million of estimated annualized profit enhancement & cost-savings programs**
  - a. In 2024, we expect to realize an estimated \$6.8 million per quarter or \$20.4 million

# Real Estate Market Update

## eXp Guides Agents through Dynamic Industry Landscape

- **Providing Support and Education to Agents**
- **Regional Rallies**
  - Markets are shifting and this is our moment to engage, educate, celebrate and inspire our agent colleagues
  - 20 locations April 8-25
- **Buyers Representation Toolkit**
  - Created a suite of tools to help eXp agents enhance and empower their value proposition for clients at this time

# Financial Highlights Q1 2024



## **Kent Cheng**

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Principal Financial Officer,  
Chief Accounting Officer,  
eXp World Holdings



# eXp Consolidated Key Metrics for Q1 2024

	Q1 2024	Q1 2023	Variance
<b><u>Operating Metrics</u></b>			
ANPS	73	70	3
Agents	85,780	87,327	-2%
Real Estate Sales Transactions	91,780	87,101	5%
Real Estate Sales Volume (\$ Billions)	\$37.2B	\$33.2B	12%
Cost per Transaction	\$650	\$613	6%
<b><u>Financial Metrics</u></b>			
Revenue	\$943.1	\$848.5	11%
Commissions and Other Agent-Related	\$864.7	\$776.8	11%
General and Administrative	\$62.6	\$54.6	15%
Technology and Development	\$14.8	\$14.1	5%
Sales and Marketing	\$3.1	\$2.9	7%
Litigation Contingency	\$16.0	\$-	-
Operating Income (Loss)	\$(18.2)	\$0.0	NA
Net Income (Loss)	\$(15.6)	\$1.5	NA
Adjusted Net Income (Loss) <sup>(1)</sup>	\$(2.4)	\$2.0	NA
Adjusted EBITDA <sup>(2)</sup>	\$11.0	\$14.6	-24%
Adjusted Operating Cash Flow <sup>(3)</sup>	\$29.4	\$38.8	-24%
Cash & Equivalents	\$109.2	\$122.8	-11%

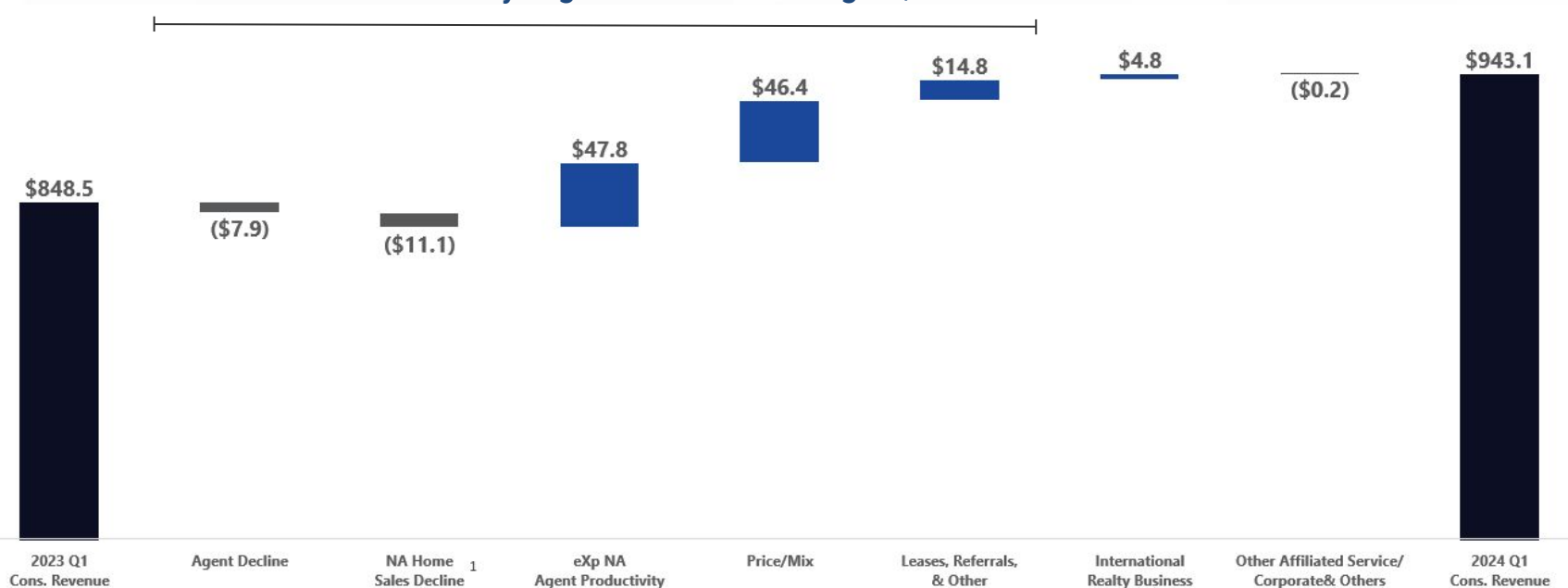
## Q1 Summary

- Continued investing in agent onboard and transaction technology and process.
- Agent base declined slightly due to market conditions in the US.
- Real estate sales transactions and volume increased, with US sales units outpacing the US market<sup>(4)</sup>.
- Revenue increased 11% driven by increased eXp agent productivity and home sales price. Commissions and other agent-related costs increase was proportional to revenue increase.
- General and administrative expenses increased due to a strategic investment in personnel to support increased transaction volumes and improved NPS, and higher severance and legal expenses.
- Technology and development expenses year over year growth consistent with our strategy of enhancing our agent and real estate transaction tech platforms.
- Operating and Net (loss) income impacted by \$16.0M litigation contingency provision.
- Adj. EBITDA<sup>(2)</sup> reflects increased legal, severance and employee-related expenses, partially offset by increased revenues, net of agent commissions and other agent-related costs.
- Strong Adj. Operating Cash Flow<sup>(3)</sup> and cash position.
- Share repurchases of \$33.0M during the quarter.

(1) Adjusted net (loss) income presented excludes the \$11.4 million litigation contingency provision net of tax and \$1.8 million from discontinued operations. A reconciliation of adjusted net (loss) income to net (loss) income and a discussion of why management believes adjusted net (loss) income, a non-GAAP measure, is useful is included in the Appendix. (2) A reconciliation of adjusted EBITDA to net (loss) income and a discussion of why management believes adjusted EBITDA, a non-GAAP measure, is useful is included in the Appendix. (3) A reconciliation of adjusted operating cash flow to operating cash flow and a discussion of why management believes adjusted operating cash flow, a non-GAAP measure, is useful is included in the Appendix. (4) Sources: US Industry transactions -2.7% based on NAR existing home sales (assuming 2 sides per sale) and U.S. Census Bureau new home sales (assuming 1 side per sale).

# Consolidated Q1 2024 Revenue Change vs. Q1 2023

## North American Realty Segment Revenue Change +\$90M



(1) Sources: US Industry transactions -2.7% based on NAR existing home sales (assuming 2 sides per sale) and U.S. Census Bureau new home sales (assuming 1 side per sale); Canada Industry transactions +14.9% based on CREA Residential Sales Activity (SAAR).

# Q1 2024 Segment Financial Highlights

Q1 2024	N American Realty	International Realty	Other Affiliated Services	Corporate & Eliminations	eXp World Holdings
<b>Revenue</b>	\$927.1M	\$15.6M	\$1.8M	\$(1.5)M	\$943.1M
<i>Variance % y/y</i>	11%	45%	7%	-34%	11%
<b>Adj. EBITDA<sup>(1)</sup></b>	\$17.8M	\$(3.4)M	\$(0.8)M	\$(2.6)M	\$11.0M
<i>Variance % y/y</i>	-16%	9%	-13%	-19%	-24%

# Q1 2024 Financial Summary

- Excellent agent engagement - aNPS continued to increase during the quarter.
- Grew real estate sales transactions 5% despite a slight decrease in agent count, driven by agent productivity gains.
- Transactions outperformed the industry in the US.<sup>(1)</sup>
- Grew real estate sales volume 12% to \$37.2B due to higher unit sales and price per unit.
- Strong International Realty revenue growth of 45% year-over-year.
- Achieved positive Adjusted EBITDA<sup>(2)</sup> of \$11.0M despite a challenging real estate market.
- Returned \$41 million to shareholders via share repurchases of \$33.0M and dividend distributions of \$7.6M.
- Maintained a solid financial condition.
- On track with profitability improvement plan and well-positioned for the remainder of the year.

# Q1 2024 Earnings



**Glenn Sanford**

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Founder, Chairman &  
Chief Executive Officer,  
eXp World Holdings



**Leo Pareja**

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Chief Executive Officer,  
eXp Realty



**Kent Cheng**

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Principal Financial Officer,  
Chief Accounting Officer,  
eXp World Holdings

# Stay Up-to-Date

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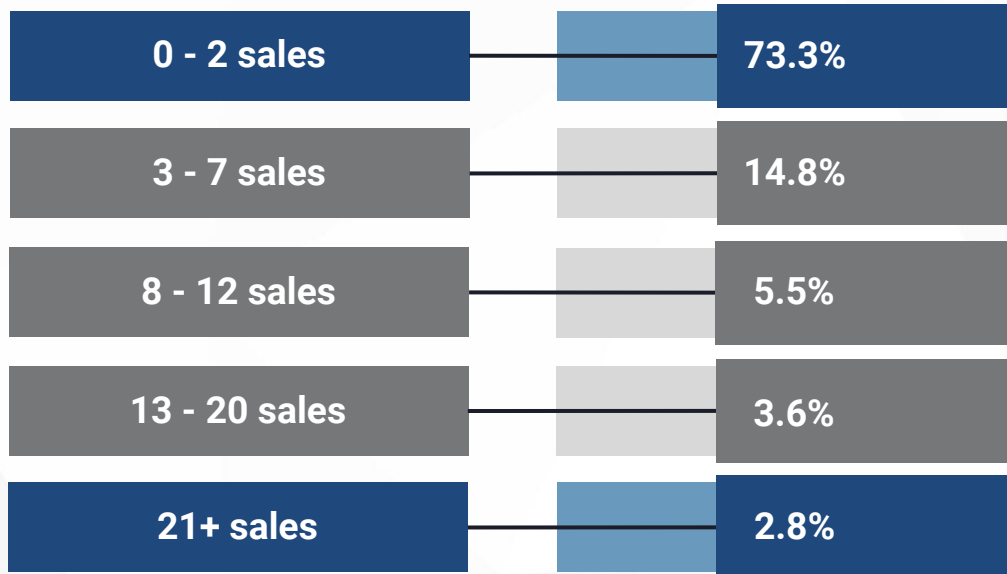
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# Appendix

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### Attrition by U.S. Agent Annual Productivity



- Majority of departing agents are in the low-producing cohort
- High producing agents are multiples less likely to churn than low-producing agents
- 41% of new agents to eXp were on teams in Q1'24
  - Agents on teams are 77% more productive than individual agents



# Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this chat deck includes references to adjusted EBITDA, adjusted net (loss) income, and adjusted operating cash flow, which are non-U.S. GAAP financial measures that may be different from similarly titled measures used by other companies. These measures are presented to enhance investors' overall understanding of the Company's 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.

The Company's non-GAAP financial measures provide useful information about financial performance, enhance the overall understanding of past performance and future prospects, and allow for greater transparency with respect to key metrics used by management for financial and operational decision-making. These measures may also provide an additional tool for investors to use in comparing core financial performance over multiple periods with other companies in the industry.

- **Adjusted EBITDA** helps identify underlying trends in the business that otherwise could be masked by the effect of the expenses that are excluded in adjusted EBITDA. In particular, the Company believes the exclusion of stock and stock option expenses provides a useful supplemental measure in evaluating the performance of operations and provides better transparency into results of operations. The Company defines adjusted EBITDA to mean net income (loss) from continuing operations, excluding other income (expense), income tax benefit (expense), depreciation, amortization, impairment charges, litigation contingency expenses, stock-based compensation expense, and stock option expense.
- **Adjusted net (loss) income** excludes significant non-operating related expenses that management does not consider on-going in nature. The Company defines adjusted net (loss) income to mean net (loss) income adjusted for net loss from discontinued operations and the after tax impact of the litigation contingency accrual.
- **Adjusted operating cash flow** helps investors see the Company's performance through the eyes of management. The Company defines adjusted operating cash flow to mean cash flows from operations excluding the change in customer deposits.

Adjusted EBITDA, adjusted net (loss) income, and adjusted operating cash flow should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP.

# Reconciliation of GAAP to Non-GAAP Operating Expenses

(in thousands, unaudited)	Three Months Ended March 31,	
	2024	2023
GAAP Commissions and other agent-related costs	\$ 864,746	776,838
Adjusted to exclude the following:		
Stock compensation expense	(8,133)	(9,581)
Non-GAAP Commissions and other agent-related costs	<u>\$ 856,614</u>	<u>\$ 767,257</u>
GAAP General and administrative expenses	\$ 62,408	54,518
Adjusted to exclude the following:		
Stock compensation expense	(694)	(79)
Stock option expense	(1,990)	(2,746)
Non-GAAP General and administrative expenses	<u>\$ 59,723</u>	<u>\$ 51,693</u>
GAAP Technology and development	\$ 14,935	14,168
Non-GAAP Technology and development	<u>\$ 14,935</u>	<u>\$ 14,168</u>
GAAP Sales and marketing expenses	\$ 3,139	2,927
Non-GAAP Sales and marketing expenses	<u>\$ 3,139</u>	<u>\$ 2,927</u>

# Reconciliation of GAAP to Non-GAAP Financial Measures

## CONSOLIDATED US-GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

(In thousands)

	Three Months Ended March 31,	
	2024	2023
(Loss) income from continuing operations	\$ (13,830)	\$ 1,992
Other (income) expense, net	(1,039)	(532)
Income tax (benefit) expense	(3,305)	(1,458)
Depreciation and amortization	2,399	2,215
Litigation contingency	16,000	—
Stock compensation expense <sup>(1)</sup>	8,827	9,660
Stock option expense	1,990	2,746
Adjusted EBITDA	<u>\$ 11,042</u>	<u>\$ 14,623</u>

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

## CONSOLIDATED US-GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

(In thousands)

	Three Months Ended March 31,	
	2024	2023
Net (loss) income	\$ (15,639)	\$ 1,453
Add back:		
Net loss from discontinued operations	1,809	539
Litigation contingency	16,000	—
Tax benefit on litigation contingency	(4,595)	—
Adjusted net (loss) income	<u>\$ (2,425)</u>	<u>\$ 1,992</u>
(Loss) earnings per share:		
Adjusted diluted, net (loss) income	\$ (0.02)	\$ 0.01
Weighted average shares outstanding		
Basic	154,740,334	152,546,766
Diluted	154,740,334	155,668,712

# Reconciliation of GAAP to Non-GAAP Financial Measures

## ADJUSTED OPERATING CASH FLOW

*(In thousands)*

	Three Months Ended March 31,	
	2024	2023
Net Cash Provided by Operating Activities	\$ 60,654	\$ 56,144
Less: Customer Deposits	31,239	17,382
Adjusted Operating Cash Flow	<u>\$ 29,415</u>	<u>\$ 38,762</u>