

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: **001-38493**



EXP WORLD HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

98-0681092

(I.R.S. Employer
Identification No.)

2219 Rimland Drive, Suite 301, Bellingham, WA

(Address of principal executive offices)

98226

(Zip Code)

(360) 685-4206

(Registrant's telephone number, including area code)

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

(Title of Each Class)

(Trading Symbol)

(Name of each exchange on which registered)

**Common Stock, \$0.00001 par value per
share**

EXPI

The Nasdaq Stock Market

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

Yes No

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

There were 153,733,373 shares of the registrant's Common Stock, \$0.00001 par value, outstanding as of June 30, 2024.

TABLE OF CONTENTS

	<u>Page</u>
Forward Looking Statements	3
PART I	
FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	31
PART II	
OTHER INFORMATION	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 3. Defaults Upon Senior Securities	34
Item 4. Mine Safety Disclosures	34
Item 5. Other Information	34
Item 6. Exhibits	35

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains statements that are not historical fact and may constitute 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 of the future. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management’s expectations, including, but not limited to:

- the impact of macroeconomic conditions on the strength of the residential real estate market;*
- the impact of monetary policies of the U.S. federal government and its agencies on our operations;*
- the impact of changes in consumer attitudes on home sale transaction volume;*
- the impact of excessive or insufficient home inventory supply on home sale transaction value;*
- our ability to effectively manage rapid growth in our business;*
- our ability to attract and retain additional qualified personnel;*
- changes in tax laws and regulations that may have a material adverse effect on our business;*
- our ability to protect our intellectual property rights;*
- the impact of security breaches, interruptions, delays and failures in our systems and operations on our business;*
- financial condition and reputation;*
- our ability to predict the demand or growth of our new products and services;*
- our ability to maintain our agent growth rate;*
- the impact of adverse outcomes in litigation and regulatory actions against us and other companies and agents in our industry on our business; and*
- the effect of inflation and continuing high interest rates on real estate transaction values and our operating results, profits and cash flows.*

Other factors not identified above, including those described under the heading “Risk Factors” in Part I, Item 1A, and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Annual Report”), may also cause actual results to differ materially from those described in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. You should consider these factors in connection with considering any forward-looking statements that may be made by us.

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

PART 1 – FINANCIAL INFORMATION

Item 1.

FINANCIAL STATEMENTS (UNAUDITED)

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 108,395	\$ 125,873
Restricted cash	85,126	44,020
Accounts receivable, net of allowance for credit losses of \$1,527 and \$2,204, respectively	133,896	85,343
Prepays and other assets	7,082	9,275
Current assets of discontinued operations	1,068	1,964
TOTAL CURRENT ASSETS	335,567	266,475
Property, plant, and equipment, net	11,789	12,967
Other noncurrent assets	10,815	7,410
Intangible assets, net	5,965	7,012
Deferred tax assets	66,916	69,253
Goodwill	19,673	16,982
Noncurrent assets of discontinued operations	6,706	5,569
TOTAL ASSETS	\$ 457,431	\$ 385,668
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 11,529	\$ 8,788
Customer deposits	86,496	44,550
Accrued expenses	122,497	86,483
Litigation contingency	16,000	-
Other liabilities	23	10
Current liabilities of discontinued operations	560	1,809
TOTAL CURRENT LIABILITIES	237,105	141,640
Long-term payable	-	20
TOTAL LIABILITIES	237,105	141,660
EQUITY		
Common Stock, \$0.00001 par value 900,000,000 shares authorized; 189,947,235 issued and 153,733,373 outstanding at June 30, 2024; 183,606,708 issued and 154,669,037 outstanding at December 31, 2023	2	2
Additional paid-in capital	883,704	804,833
Treasury stock, at cost: 36,213,862 and 28,937,671 shares held, respectively	(626,825)	(545,559)
Accumulated deficit	(35,100)	(16,769)
Accumulated other comprehensive (loss) income	(1,455)	332
Total eXp World Holdings, Inc. stockholders' equity	220,326	242,839
Equity attributable to noncontrolling interest	-	1,169
TOTAL EQUITY	220,326	244,008
TOTAL LIABILITIES AND EQUITY	\$ 457,431	\$ 385,668

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	\$ 1,295,244	\$ 1,231,116	\$ 2,238,298	\$ 2,079,569
Operating expenses				
Commissions and other agent-related costs	1,197,668	1,135,615	2,062,414	1,912,453
General and administrative expenses	61,160	64,917	123,742	119,543
Technology and development expenses	14,848	14,888	29,609	28,948
Sales and marketing expenses	3,031	2,860	6,170	5,787
Litigation contingency	-	-	16,000	-
Total operating expenses	<u>1,276,707</u>	<u>1,218,280</u>	<u>2,237,935</u>	<u>2,066,731</u>
Operating income	18,537	12,836	363	12,838
Other (income) expense				
Other (income) expense, net	(1,749)	(1,294)	(2,937)	(2,168)
Equity in losses of unconsolidated affiliates	374	143	523	485
Total other (income) expense, net	<u>(1,375)</u>	<u>(1,151)</u>	<u>(2,414)</u>	<u>(1,683)</u>
Income before income tax expense	19,912	13,987	2,777	14,521
Income tax expense	8,146	2,632	4,841	1,174
Net income (loss) from continuing operations	11,766	11,355	(2,064)	13,347
Net income (loss) from discontinued operations	617	(1,933)	(1,192)	(2,472)
Net income (loss)	<u>\$ 12,383</u>	<u>\$ 9,422</u>	<u>(\$ 3,256)</u>	<u>\$ 10,875</u>
Earnings (loss) per share				
Basic, net income (loss) from continuing operations	\$ 0.08	\$ 0.07	(\$ 0.01)	\$ 0.09
Basic, net income (loss) from discontinued operations	\$ 0.00	(\$ 0.01)	(\$ 0.01)	(\$ 0.02)
Basic, net income (loss)	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>(\$ 0.02)</u>	<u>\$ 0.07</u>
Diluted, net income (loss) from continuing operations	\$ 0.08	\$ 0.07	(\$ 0.01)	\$ 0.09
Diluted, net income (loss) from discontinued operations	\$ 0.00	(\$ 0.01)	(\$ 0.01)	(\$ 0.02)
Diluted, net income (loss)	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>(\$ 0.02)</u>	<u>\$ 0.07</u>
Weighted average shares outstanding				
Basic	153,580,879	153,249,120	154,160,607	152,899,883
Diluted	<u>155,984,147</u>	<u>156,693,959</u>	<u>154,160,607</u>	<u>156,119,627</u>
Comprehensive income (loss):				
Net income (loss)	\$ 12,383	\$ 9,422	(\$ 3,256)	\$ 10,875
Other comprehensive income (loss):				
Foreign currency translation gain (loss), net of tax	(898)	64	(1,787)	707
Comprehensive income (loss) attributable to eXp World Holdings, Inc.	<u>\$ 11,485</u>	<u>\$ 9,486</u>	<u>(\$ 5,043)</u>	<u>\$ 11,582</u>

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

EXP WORLD HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Common stock:				
Balance, beginning of period	\$ 2	\$ 2	\$ 2	\$ 2
Balance, end of period	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Treasury stock:				
Balance, beginning of period	(578,591)	(414,926)	(545,559)	(385,010)
Repurchases of common stock	(48,234)	(48,812)	(81,266)	(78,728)
Balance, end of period	<u>(626,825)</u>	<u>(463,738)</u>	<u>(626,825)</u>	<u>(463,738)</u>
Additional paid-in capital:				
Balance, beginning of period	841,576	650,383	804,833	611,872
Shares issued for stock options exercised	75	946	1,052	1,253
Agent growth incentive stock compensation	9,495	9,236	17,403	17,903
Agent equity stock compensation	30,588	38,876	56,456	65,652
Stock option compensation	1,970	2,365	3,960	5,126
Balance, end of period	<u>883,704</u>	<u>701,806</u>	<u>883,704</u>	<u>701,806</u>
Accumulated (deficit) earnings:				
Balance, beginning of period	(39,993)	15,580	(16,769)	20,723
Net income (loss)	12,383	9,422	(3,256)	10,875
Dividends declared and paid (\$0.05 and \$0.045 per share of common stock in Q2 2024 and Q2 2023, respectively)	(7,490)	(6,864)	(15,075)	(13,460)
Balance, end of period	<u>(35,100)</u>	<u>18,138</u>	<u>(35,100)</u>	<u>18,138</u>
Accumulated other comprehensive income (loss):				
Balance, beginning of period	(557)	879	332	236
Foreign currency translation gain (loss)	(898)	64	(1,787)	707
Balance, end of period	<u>(1,455)</u>	<u>943</u>	<u>(1,455)</u>	<u>943</u>
Noncontrolling interest:				
Balance, beginning of period	-	1,169	1,169	1,169
Transactions with noncontrolling interests	-	-	(1,169)	-
Balance, end of period	<u>-</u>	<u>1,169</u>	<u>-</u>	<u>1,169</u>
Total equity	<u>\$ 220,326</u>	<u>\$ 258,320</u>	<u>\$ 220,326</u>	<u>\$ 258,320</u>

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

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

	Six Months Ended June 30,	
	2024	2023
OPERATING ACTIVITIES		
Net income (loss)	(\$ 3,256)	\$ 10,875
Reconciliation of net income (loss) to net cash provided by operating activities:		
Depreciation expense	3,950	4,163
Amortization expense - intangible assets	1,413	1,195
Allowance for credit losses on receivables/bad debt on receivables	(677)	(2,470)
Equity in loss of unconsolidated affiliates	523	485
Agent growth incentive stock compensation expense	18,157	18,148
Stock option compensation	3,975	5,126
Agent equity stock compensation expense	56,456	65,652
Deferred income taxes, net	2,337	3,370
Changes in operating assets and liabilities:		
Accounts receivable	(48,871)	(45,266)
Prepays and other assets	1,841	367
Customer deposits	41,946	50,854
Accounts payable	2,741	(3,069)
Accrued expenses	35,243	49,273
Long term payable	-	(4,692)
Litigation contingency	16,000	-
Other operating activities	23	157
NET CASH PROVIDED BY OPERATING ACTIVITIES	131,801	154,168
INVESTING ACTIVITIES		
Purchases of property, plant, equipment	(2,772)	(3,433)
Purchase of business	(3,150)	-
Investments in unconsolidated affiliates	(3,938)	(5,350)
Capitalized software development costs in intangible assets	(509)	(1,179)
NET CASH USED IN INVESTING ACTIVITIES	(10,369)	(9,962)
FINANCING ACTIVITIES		
Repurchase of common stock	(81,266)	(78,728)
Proceeds from exercise of options	1,052	1,253
Transactions with noncontrolling interests	(1,169)	-
Dividends declared and paid	(15,075)	(13,460)
NET CASH USED IN FINANCING ACTIVITIES	(96,458)	(90,935)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1,346)	620
Net change in cash, cash equivalents and restricted cash	23,628	53,891
Cash, cash equivalents and restricted cash, beginning balance	169,893	159,383
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING BALANCE	\$ 193,521	\$ 213,274
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for income taxes	\$ 1,542	\$ 1,833
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Termination of lease obligation - operating lease	-	837
Property, plant and equipment increase due to transfer of right-of-use lease asset	-	1,100

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

eXp World Holdings, Inc.
Notes to the Condensed Consolidated Financial Statements
(UNAUDITED)

(Amounts in thousands, except share amounts and per share data or noted otherwise)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

eXp World Holdings, Inc. (“eXp,” or, collectively with its subsidiaries, the “Company,” “we,” “us,” or “our”) owns and operates a diversified portfolio of service-based businesses whose operations benefit substantially from utilizing our technology platform. We strategically prioritize our efforts to grow our real estate brokerage by strengthening our agent value proposition, developing immersive and cloud-based technology to enable our model and providing affiliate and media services supporting those efforts.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

These interim financial statements should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 22, 2024 (“2023 Annual Report”).

In our opinion, the accompanying interim unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. Operating results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

In the first quarter of 2024, the Company determined that there has been a significant change to the Virbela business model. As our customers evolve post-COVID, including 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 in our web-accessible platform, Virbela Frame®. Accordingly, the Company has begun the process of winding down the Virbela business, which includes closing out current contracts, and reducing its external customers and internal employee support. Further, the technology is being replaced with Virbela Frame® technology that will be primarily utilized internally within the Company. The Company expects the process to wind down the Virbela business to be completed by the fourth quarter of 2024. As a result of this change, the Company determined that winding down of the Virbela business qualifies for reporting as discontinued operations in the Company’s condensed consolidated balance sheet and the Company’s condensed consolidated statements of comprehensive income (loss).

Prior period financial statement information has been reclassified to reflect Virbela as discontinued operations. For more information See *Note 3 – Discontinued Operations*.

In prior years, Virbela represented an operating and reporting segment under ASC 280. As a result of the Company’s decision to wind down the Virbela business in the first quarter of 2024, the Company determined that the remaining operations of Virbela do not meet the operating or reporting segment criteria; therefore, any operating results related to Virbela and Virbela Frame® technologies are included in the Other Affiliated Services segment beginning in the first quarter of 2024. All prior period segment disclosure information has been reclassified to conform to the current reporting structure in this Form 10-Q.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying interim unaudited condensed consolidated financial statements include the accounts of eXp and its consolidated subsidiaries, including those entities in which we have a variable interest of which we are the primary beneficiary. If the Company has a variable interest in an entity but it is not the primary beneficiary of the entity or does not exercise control over the operations and has less than 50% ownership, it will use the equity method or the cost method of accounting for investments. Entities in which the Company has less than a 20% investment and where the Company does not exercise significant influence are accounted for under the cost method. Intercompany transactions and balances are eliminated upon consolidation.

Variable interest entities and noncontrolling interests

A company is deemed to be the primary beneficiary of a variable interest entity ("VIE") and must consolidate the entity if the company has both: (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial, and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method and are recognized initially at cost. 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. 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. Prior year segment and financial statement information has been reclassified to reflect Virbela as discontinued operations.

Restricted cash

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

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

	Cash and cash equivalents	Restricted cash	Total
Balance, June 30, 2023	\$ 124,714	\$ 88,560	\$ 213,274
Balance, December 31, 2023	\$ 125,873	\$ 44,020	\$ 169,893
Balance, June 30, 2024	\$ 108,395	\$ 85,126	\$ 193,521

3. DISCONTINUED OPERATIONS

In accordance with ASC 205-20, the results of the Virbela business are presented as discontinued operations in the condensed consolidated statements of comprehensive income and, as such, have been excluded from continuing operations. Further, the Company reclassified the assets and liabilities of the Virbela segment as assets and liabilities of discontinued operations in the condensed balance sheets. The following tables present the information for Virbela's operations for the three and six months ended June 30, 2024 and 2023, and the balance sheet information as of June 30, 2024 and December 31, 2023 (in thousands).

ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS (Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 684	\$ 991
Accounts receivable, net of allowance for credit losses of \$194 and \$99, respectively	289	626
Prepays and other assets	95	347
TOTAL CURRENT ASSETS OF DISCONTINUED OPERATIONS	1,068	1,964
Property, plant, and equipment, net	7	11
Intangible assets, net	2,753	3,469
Deferred tax assets	3,946	2,089
TOTAL ASSETS OF DISCONTINUED OPERATIONS	\$ 7,774	\$ 7,533
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 7	\$ 110
Accrued expenses	553	1,699
TOTAL CURRENT LIABILITIES OF DISCONTINUED OPERATIONS	560	1,809
TOTAL LIABILITIES OF DISCONTINUED OPERATIONS	\$ 560	\$ 1,809

INCOME STATEMENT OF DISCONTINUED OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	\$ 4	\$ 1,811	\$ 653	\$ 3,974
Operating expenses				
Cost of revenue	910	796	1,589	1,517
General and administrative expenses	309	2,578	2,074	5,308
Technology and development expenses	99	158	215	509
Sales and marketing expenses	1	18	(2)	54
Total operating expenses	1,319	3,550	3,876	7,388
Operating (loss)	(1,315)	(1,739)	(3,223)	(3,414)
Other income				
Other income, net	(6)	(5)	(23)	(11)
Total other income, net	(6)	(5)	(23)	(11)
(Loss) before income tax expense	(1,309)	(1,734)	(3,200)	(3,403)
Income tax benefit (expense)	1,926	(199)	2,008	931
Net income (loss) from discontinued operations	<u>\$ 617</u>	<u>(\$ 1,933)</u>	<u>(\$ 1,192)</u>	<u>(\$ 2,472)</u>

4. EXPECTED CREDIT LOSSES

The Company is exposed to credit losses primarily through trade and other financing receivables arising from revenue transactions. The Company uses the aging schedule method to estimate current expected credit losses ("CECL") based on days of delinquency, including information about past events and current economic conditions. The Company's accounts receivable is separated into three categories to evaluate allowance under the CECL impairment model. The receivables in each category share similar risk characteristics. The three categories include agent non-commission based fees, agent short-term advances, and commissions receivable for real estate property settlements.

The Company increases the allowance for expected credits losses when the Company estimates all or a portion of a receivable is uncollectable. The Company recognizes recoveries as a decrease to the allowance for expected credit losses.

Receivables from real estate property settlements totaled \$128,814 and \$81,004 of which the Company recognized expected credit losses of \$88 and \$-, respectively as of June 30, 2024 and December 31, 2023. As of June 30, 2024 and December 31, 2023, agent non-commission based fees receivable and short-term advances totaled \$7,092 and \$7,268, of which the Company recognized expected credit losses of \$1,439 and \$2,204, respectively.

5. PLANT, PROPERTY AND EQUIPMENT, NET

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

	June 30, 2024	December 31, 2023
Computer hardware and software	\$ 38,830	\$ 37,444
Furniture, fixture, and equipment	2,221	2,254
Total depreciable property and equipment	41,051	39,698
Less: accumulated depreciation	(31,451)	(27,733)
Depreciable property, net	9,600	11,965
Discontinued operations	(7)	(11)
Assets under development	2,196	1,013
Property, plant, and equipment, net	<u>\$ 11,789</u>	<u>\$ 12,967</u>

For the three months ended June 30, 2024 and 2023, depreciation expense was \$1,891 and \$2,096, respectively. For the six months ended June 30, 2024 and 2023 depreciation expense was \$3,950 and \$4,163, respectively.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill was \$19,673 as of June 30, 2024 and \$16,982 as of December 31, 2023. During the second quarter of 2024, the Company acquired a small real estate business, resulting in recording goodwill of \$3,150. As of June 30, 2024, the Company recorded cumulative translation adjustment of (\$459) related to Canadian goodwill. Additionally, if current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors, are not met, or if valuation factors outside of the Company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future. For the six months ended June 30, 2024, no events occurred that indicated it was more likely than not that goodwill was impaired. The following tables present definite-lived intangible assets as of June 30, 2024 and December 31, 2023, in thousands:

	June 30, 2024		
	Gross Amount	Accumulated Amortization	Net Carrying Amount
Trade name	\$ 2,655	(\$ 1,393)	\$ 1,262
Existing technology	3,345	(1,498)	1,847
Non-competition agreements	458	(347)	111
Customer relationships	1,284	(698)	586
Licensing agreement	210	(210)	-
Intellectual property	2,836	(677)	2,159
Total intangible assets	\$ 10,788	(\$ 4,823)	\$ 5,965

	December 31, 2023		
	Gross Operations	Accumulated Amortization	Net Carrying Amount
Trade name	\$ 2,672	(\$ 1,030)	\$ 1,642
Existing technology	3,263	(1,122)	2,141
Non-competition agreements	468	(125)	343
Customer relationships	1,285	(652)	633
Licensing agreement	210	(210)	-
Intellectual property	2,836	(583)	2,253
Total intangible assets	\$ 10,734	(\$ 3,722)	\$ 7,012

Definite-lived intangible assets are amortized using the straight-line method over an asset's estimated useful life. Amortization expense for definite-lived intangible assets for the three months ended June 30, 2024 and 2023 was \$1,073 and \$683, respectively. Amortization expense for definite-lived intangible assets for the six months ended June 30, 2024 ended and 2023 was \$1,413 and \$1,195, respectively.

7. STOCKHOLDERS' EQUITY

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Common stock:				
Balance, beginning of quarter	186,361,476	174,532,043	183,606,708	171,656,030
Shares issued for stock options exercised	14,286	79,599	225,444	192,807
Agent growth incentive stock compensation	678,825	730,003	1,032,513	1,386,439
Agent equity stock compensation	2,892,648	2,558,438	5,082,570	4,664,807
Balance, end of quarter	189,947,235	177,900,083	189,947,235	177,900,083

The Company's equity programs described below are administered under the stockholder approved 2015 Equity Incentive Plan, as amended. 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 real estate transaction in the form of common stock (the "Agent Equity Program" or "AEP"). If agents and brokers

elect to receive portions of their commissions in common stock, they are entitled to receive the equivalent number of shares of common stock, based on the fixed monetary value of the commission payable. The Company recognizes a 10% discount on these issuances prior to February 29, 2024, and a 5% discount on these issuances beginning as of March 1, 2024, as an additional cost of sales charge during the periods presented.

During the three months ended June 30, 2024 and 2023, the Company issued 2,892,648 and 2,558,438 shares of common stock, respectively, to agents and brokers with a value of \$30,588 and \$38,876, respectively, inclusive of discount. During the six months ended June 30, 2024 and 2023, the Company issued 5,082,570 and 4,664,807 shares of common stock, respectively, to agents and brokers with a value of \$56,456 and \$65,652, respectively, inclusive of discount.

Agent Growth Incentive Program

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

For the three months ended June 30, 2024 and 2023 the Company's stock compensation expense attributable to the Agent Growth Incentive Program was \$9,329 and \$8,488, respectively, of which the total amount of stock compensation attributable to liability classified awards was \$638 and \$345, respectively. For the six months ended June 30, 2024 and 2023 the Company's stock compensation expense attributable to the Agent Growth Incentive Program was \$18,157 and \$18,148, respectively, of which the total amount of stock compensation attributable to liability classified awards was \$1,288 and \$1,338, 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.

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

	<u>Amount</u>
Stock grant liability balance at December 31, 2022	\$ 3,885
Stock grant liability increase year to date	3,832
Stock grants reclassified from liability to equity year to date	<u>(2,717)</u>
Balance, December 31, 2023	\$ 5,000
Stock grant liability increase year to date	1,288
Stock grants reclassified from liability to equity year to date	<u>(806)</u>
Balance, June 30, 2024	<u>\$ 5,482</u>

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 typically have time-based restrictions with equal and periodically graded vesting over a three-year period.

During the three months ended June 30, 2024 and 2023, the Company granted 322,082 and 1,440,010 stock options, respectively, to employees with an estimated grant date fair value of \$6.35 and \$8.35 per share, respectively. The fair value was calculated using a Black Scholes-Merton option pricing model. During the six months ended June 30, 2024 and 2023 the Company granted 675,738 and 1,528,563 stock options, respectively, to employees with an estimated grant date fair

value of \$6.63 and \$8.34 per share, respectively. The fair value was calculated using a Black Scholes-Merton option pricing model.

Stock Repurchase Plan

In December 2018, the Company's board of directors (the "Board") approved a stock repurchase program authorizing the Company to purchase up to \$25.0 million of its common stock, which was later amended in November 2019 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 a stock repurchase program with program changes subject to Board consent. In June 2023, the Board approved increasing the stock repurchase program to \$1.0 billion. 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., a financial services firm that acts as an agent authorized to purchase shares on behalf of the Company, entered into a form of Issuer Repurchase Plan ("Issuer Repurchase Plan") which authorized Stephens to repurchase common stock of the Company, which is amended from time to time to adjust the monthly repurchase amount. Most recently, on June 19, 2024, the Board approved, and the Company entered into an eighth amendment to the Issuer Repurchase Plan which provides for the repurchase of up to (i) \$15.0 million during the calendar month commencing June 1, 2024 through and including June 30, 2024, (ii) \$11.7 million during the calendar months commencing July 1, 2024 through and including September 30, 2024, and (iii) \$8.3 million during the calendar months commencing October 1, 2024 through and including December 31, 2024.

For accounting purposes, common stock repurchased under the stock repurchase programs is recorded based upon the applicable trade date. 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 share changes in treasury stock for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Treasury stock:				
Balance, beginning of quarter	31,514,913	21,089,622	28,937,671	18,816,791
Repurchases of common stock	4,698,949	3,222,275	7,276,191	5,495,106
Balance, end of quarter	36,213,862	24,311,897	36,213,862	24,311,897

8. SEGMENT INFORMATION

The reportable segments presented below represent the Company's segments for which separate financial information is available and which is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its segments.

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 a segment's operating profit (loss) from continuing operations plus depreciation and amortization, litigation contingency and stock-based compensation expenses. The Company's presentation of Adjusted Segment EBITDA may not be comparable to similar measures used by other companies. Historically, the Company has reported results for four reportable segments. In the first quarter of 2024, the Company determined that the Virbela segment qualified for reporting as discontinued operations. In prior years, Virbela represented an operating and reporting segment under ASC 280. Going forward, the remaining operations of Virbela will not meet the operating or reporting segment criteria, therefore, any operating results related to Virbela technology will be included in the

Other Affiliated Services segment. Prior year segment information has been reclassified to remove Virbela from the segment disclosure, in accordance with discontinued operations treatment.

The Company's three reportable segments are 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.
- Other Affiliated Services: includes our SUCCESS® Magazine, Virbela Frame® technology, 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 Condensed Consolidated Financial Statements included herein. The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. 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 (loss) from continuing operations and Goodwill (in thousands). Financial information for the comparable prior periods presented have been revised to conform with the current year presentation.

	Revenues		Revenues	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
North American Realty	\$ 1,274,621	\$ 1,219,345	\$ 2,201,758	\$ 2,056,459
International Realty	20,316	11,991	35,912	22,748
Other Affiliated Services	1,467	1,072	3,255	2,749
Revenues reconciliation:				
Segment eliminations	(1,160)	(1,292)	(2,627)	(2,387)
Consolidated revenues	\$ 1,295,244	\$ 1,231,116	\$ 2,238,298	\$ 2,079,569

	Adjusted EBITDA		Adjusted EBITDA	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
North American Realty	\$ 38,503	\$ 34,122	\$ 56,312	\$ 55,325
International Realty	(2,376)	(3,782)	(5,731)	(7,458)
Other Affiliated Services	(988)	(1,168)	(1,755)	(1,849)
Corporate expenses and other	(2,325)	(2,325)	(4,968)	(4,548)
Consolidated Adjusted EBITDA	\$ 32,814	\$ 26,847	\$ 43,858	\$ 41,470

Operating Profit Reconciliation:				
Depreciation and amortization expense	2,963	3,143	5,363	5,358
Litigation contingency	-	-	16,000	-
Stock compensation expense	9,329	8,488	18,157	18,148
Stock option expense	1,985	2,380	3,975	5,126
Consolidated operating profit	\$ 18,537	\$ 12,836	\$ 363	\$ 12,838

	Goodwill	
	June 30, 2024	December 31, 2023
North American Realty	\$ 17,286	\$ 14,595
International Realty	-	-
Other Affiliated Services	2,387	2,387
Segment and consolidated total	19,673	16,982

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

9. 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:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Numerator:				
Net income (loss) from continuing operations	\$ 11,766	\$ 11,355	(\$ 2,064)	\$ 13,347
Net income (loss) from discontinued operations	\$ 617	(\$ 1,933)	(\$ 1,192)	(\$ 2,472)
Denominator:				
Weighted average shares - basic	153,580,879	153,249,120	154,160,607	152,899,883
Dilutive effect of common stock equivalents	2,403,268	3,444,839	-	3,219,744
Weighted average shares - diluted	155,984,147	156,693,959	154,160,607	156,119,627
Earnings per share:				
Net income (loss) from continuing operations per share - basic	\$ 0.08	\$ 0.07	(\$ 0.01)	\$ 0.09
Net income (loss) from discontinued operations per share - basic	\$ 0.00	(\$ 0.01)	(\$ 0.01)	(\$ 0.02)
Net income (loss) from continuing operations per share - diluted	\$ 0.08	\$ 0.07	(\$ 0.01)	\$ 0.09
Net income (loss) from discontinued operations per share - diluted	\$ 0.00	(\$ 0.01)	(\$ 0.01)	(\$ 0.02)

For three months ended June 30, 2024 and 2023 total outstanding shares of common stock excluded 447,005 and 656,776 shares, respectively, from the computation of diluted earnings per share because their effect would have been anti-dilutive. For six months ended June 30, 2024 and 2023 total outstanding shares of common stock excluded 3,037,309 and 588,940 shares, respectively, from the computation of diluted earnings per share because their effect would have been anti-dilutive.

10. INCOME TAXES

Our quarterly tax provision is computed by applying the estimated annual effective tax rate to the year-to-date pre-tax income or loss plus discrete tax items arising in the period. Our provision for income tax expense from continuing operations amounted to \$4.8 million and \$1.2 million for the six months ended June 30, 2024 and 2023, which represent effective tax rates of positive 174.3% and 8.1% respectively. The provision for income tax expense was primarily attributable to deductible stock-based compensation shortfalls, research and development credit and non-deductible executive compensation. The effective tax rate differs from our statutory rates in both periods primarily due to the impact of the stock-based compensation, R&D tax credit and non-deductible executive compensation.

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. The Company does not expect adoption of Pillar Two rules to have a significant impact on its condensed financial statements during fiscal year 2024.

11. FAIR VALUE MEASUREMENT

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

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

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

As of June 30, 2024 and December 31, 2023, the fair value of the Company's money market funds was \$42,455 and \$46,268, respectively.

There have been no transfers between Level 1, Level 2 and Level 3 in the period presented. The Company did not have any Level 2 or Level 3 financial assets or liabilities in the period presented.

12. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to potential liability under laws and government regulations and various claims and legal actions that may be asserted against us that could have a material adverse effect on the business, reputation, results of operations, cash flows or financial condition. Such litigation includes, but is not limited to, actions or claims relating to cyber-attacks, data breaches, the Real Estate Settlement Procedures Act ("RESPA"), the Telephone Consumer Protection Act of 1991 and state consumer protection laws, antitrust and anticompetition, worker classification, timely filing required SEC filings and non-compliance with contractual or other legal obligations.

The Company and its affiliated brokerage entities are among several defendants in eight U.S. and one Canadian 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 and federal Canadian antitrust laws, as applicable, as discussed further in our 2023 Annual Report and below, and one U.S. putative class action lawsuits alleging that the Company participated in a system that resulted in buyers of residential property paying inflated home prices as a result of sellers paying inflated buyer broker commissions in violation of federal and Illinois antitrust laws, as discussed further below and in our 2023 Annual Report (collectively, the "antitrust litigation").

As of June 30, 2024, the Company has determined that it is probable that a loss associated with the antitrust litigation has occurred and that the lower boundary of potential loss is reasonably estimable.

Based on an analysis of settlements negotiated by co-defendants companies in similar legal matters and ongoing developments in the antitrust litigation, the Company has recorded a provision for loss of \$16.0 million in the first quarter of 2024, which represents the lower boundary of a reasonably possible range of loss. The high-end range of loss cannot be reasonably estimated at this time due to the dynamic nature of the lawsuit and the contingent nature of possible outcomes. We have determined that it is at least reasonably possible that the loss estimate provision could change in the near term and that such change could be material. Additionally, we cannot provide any assurances that results of such litigation will not have a material adverse effect on our business, results of operations, cash flows or financial condition.

The Company continues to vigorously defend against these claims. However, due to the complexities inherent in such litigation, including the uncertainty of legal processes and potential developments in the cases, the ultimate liability may differ from the current provision. The Company will reassess this estimate as additional information becomes available or as circumstances change.

On May 22, 2024, Texas Capital Bank (“TCB”) entered into a Change in Terms Agreement (the “Change Agreement”) with SUCCESS Lending, LLC (“SUCCESS Lending”), an indirect subsidiary and unconsolidated joint venture of the Company, to modify certain terms of that certain Mortgage Warehouse Agreement entered into by and between TCB and SUCCESS Lending in April 2022. The Change Agreement reduces the size of the warehouse credit line provided by TCB to SUCCESS Lending under the Mortgage Warehouse Agreement from \$25 million to \$10 million.

13. SUBSEQUENT EVENTS

Quarterly Cash Dividend

On July 26, 2024, the Company’s Board of Directors declared a dividend of \$0.05 per share which is expected to be payable on August 30, 2024, to stockholders of record as of the close of business on August 14, 2024. The ex-dividend date is expected to be on or around August 13, 2024. The dividend will be paid in cash.

Commitments

On July 22, 2024, Flagstar Bank FSB (“Flagstar”) assigned that certain Mortgage Warehouse Agreement entered into in March 2022 (the “SUCCESS Credit Agreement”) with SUCCESS Lending to JPMorgan Chase Bank, National Association (“JPMorgan”). The SUCCESS Credit Agreement provided SUCCESS Lending with a revolving warehouse credit line of up to \$25 million. In connection with the assignment of the SUCCESS Credit Agreement to JPMorgan, Flagstar also assigned to JPMorgan the related Capital Maintenance Agreement (the “Capital Maintenance Agreement”), pursuant to which the Company agreed to provide certain funds necessary to ensure that SUCCESS Lending is at all times in compliance with its financial covenants under the SUCCESS Credit Agreement. The material terms of the Capital Maintenance Agreement remain unchanged and the Company’s capital commitment liability under the Capital Maintenance Agreement is limited to \$2,000,000. In the event SUCCESS Lending fails to comply with its financial covenants, the Company may have to contribute additional capital up to the limit.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with our condensed consolidated financial statements and related notes included elsewhere in this report. Management’s Discussion and Analysis of Financial Conditions and Results of Operations contain forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements. See “Item 1 A. – Risk Factors” in our 2023 Annual Report and “Item 1 A. – Risk Factors” in this Quarterly Report for a discussion of certain risks, uncertainties and assumptions associated with these statements.

This MD&A is divided into the following sections:

- Operational Highlights for the Three and Six Months Ended June 30, 2024
- Overview
- Market Conditions and Industry Trends
- Key Business Metrics
- Results of Operations
- Business Segment Disclosures
- Non-U.S. GAAP Financial Measures
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

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

OPERATIONAL HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2024

- eXp ended the second quarter of 2024 with a global agent Net Promoter Score (“aNPS”) of 76.
- Agents and brokers on the eXp Realty platform decreased (1)% year-over-year to 87,111.
- Transactions increased 4% year-over-year to 143,318.
- Transaction volume increased 7% year-over-year to \$51.9 billion.

OPERATIONAL HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

- eXp ended the six months ended June 30, 2024 with a global aNPS of 75.
- Agents and brokers on the eXp Realty platform decreased (1)% year-over-year to 87,111.
- Transactions increased 6% year-over-year to 254,294.
- Transaction volume increased 9% year-over-year to \$89.1 billion.

OVERVIEW

eXp World Holdings, Inc. (the “Company”) was incorporated in Delaware on July 30, 2008 and launched the first cloud-based real estate brokerage offering agent-centric commission structure, revenue sharing, and agent equity opportunities in 2009. Today, the Company operates a diversified portfolio of service-based businesses whose operations benefit substantially from utilizing our enabling technology platform. A substantial portion of our revenue is derived from commissions received by our residential real estate brokerages which provide a full suite of brokerage and adjacent services (such as mortgage, title, and content creation) to our real estate agents and brokers. Our residential real estate agents and brokers affiliate their real estate licenses with us and operate their businesses utilizing our cloud-based technology platform to enhance their real estate business and optimize efficiencies. Our enabling and innovative technology platform is a robust suite of cloud-based applications and software services tailored for our real estate agents and brokers and targets business operations such as customer relationship management, marketing, client services, and brokerage functionalities. We succeed when our real estate professionals succeed and we remain focused on being the most agent-centric business on the planet.

Beginning in the first quarter of 2024, following the discontinuation of Virbela, eXp manages its operations in three operating business segments: North American Realty; International Realty; 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 and believe we are well-positioned to capture additional revenue from such solutions.

Discontinued Operations

In the first quarter of 2024, we determined that there has been a significant change to the Virbela business model. We have begun the process of winding down the Virbela business, which includes closing out current contracts and reducing our external customers. Further, the technology is being replaced with Virbela Frame® technology that will be initially utilized internally within the Company. We expect the process to wind down the Virbela business to be completed by the fourth quarter of 2024. As a result of this change, the Company has determined that Virbela qualifies for reporting as discontinued operations and will be reported as discontinued operations in our consolidated balance sheet and condensed consolidated statements of comprehensive income. Prior year segment and financial statement information has been reclassified to reflect Virbela as discontinued operations. See *Note 3 – Discontinued Operations* to the condensed consolidated financial statements for additional information regarding the discontinuation of Virbela.

Strategy

Our strategy is to grow organically in North America and certain international markets by increasing our independent agent and broker network. Through our cloud-based operations and technology platform, we strive to achieve customer-focused efficiencies that allow us to increase market share and attain strong returns as we scale our business within the markets in which we operate. By building partnerships and strategically deploying capital, we seek to grow the business and enter attractive verticals and adjacent markets.

The Company's primary emphasis is on achieving operational excellence for our real estate agents, which we monitor using the aNPS. We remain focused on optimizing our operating costs to match our revenue trends. One critical area of capital deployment during the first quarter of 2024 remained 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. 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.

Over the last several quarters, several macroeconomic conditions have been contributing to the slowdown in the U.S. residential real estate market, which directly impacts our business and financial results. These conditions include, but are not limited to rising inflation, rising mortgage interest rates driven by the Federal Reserve Board increasing federal funds rate, volatility in the U.S. equity markets and continued unrest around the world.

In April 2019, the National Association of REALTORS® ("NAR") and certain brokerages and franchisors were named as defendants in a class action complaint alleging a conspiracy to violate federal antitrust laws by, among other things, requiring residential property sellers in Missouri to pay inflated commission fees to buyer brokers (the "NAR Class Action"). The Company has been named as one of several defendants in similar class action suits, as discussed further in *Note 12 – Commitments and Contingencies* to these unaudited consolidated financial statements. In March 2024, NAR entered a settlement agreement to resolve on a class wide basis the claims against NAR in the NAR Class Action (the "NAR Settlement"). In addition to a monetary payment, NAR agreed to change certain business practices, including changes to cooperative compensation and buyer agreements, which business practice changes go into effect on August 17, 2024. eXp is proactively preparing its agents for the effective date of the NAR Settlement by offering comprehensive training sessions focused on compliance and best practices, addressing the clarifications in commission transparency and buyer representation agreements, providing resources such as buyer-representation agreement forms, and providing trainings to agents so that they understand the new guidelines and can integrate them into their operations.

The Company believes it is well positioned to grow its market share in the current market conditions. We have a strong base of agent support, which should drive organic market share growth, retention and productivity. Additionally, we offer agents a low-cost, high-engagement model, which affords agents and brokers increased income and ownership opportunities while offering a scalable solution to brokerage owners who want to survive and thrive during market fluctuations. We have an efficient operating model with lower fixed costs driven by our cloud-based model, with no brick-and-mortar locations.

National Housing Inventory

During the second quarter of 2024, the continued increase of mortgage rates and higher home prices have contributed to a rise in inventory levels, as measured in months of supply. According to NAR, inventory of existing homes for sale in the U.S. was 1,320,000 as of June 2024 (preliminary) compared to 1,070,000 at the end of June 2023. This represents 4.1 months of inventory in 2024 compared to 3.1 months of inventory in the prior year.

Mortgage Interest Rates

Persistently high mortgage rates during the first quarter of 2024 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 6.86% in June 2024 compared to 6.71% in June 2023.

Housing Affordability Index

According to NAR, the composite housing affordability index decreased to 93.1 for May 2024 (preliminary) from 99.6 for May 2023. When the index is above 100, it indicates that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20% down payment and ability to qualify for a mortgage. The housing affordability index has been declining year over year due to mortgage rate conditions and higher average home prices driven by constrained inventory levels.

Existing Home Sales Transactions and Prices

According to NAR, existing home sale transactions decreased to an annual rate of 3.89 million in June 2024 (preliminary) compared to 4.11 million in June 2023, a decrease of 5.4%.

According to NAR, the nationwide existing home sales average price for June 2024 (preliminary) was \$426,900 compared to \$410,100 in June 2023, an increase of 4.1%.

The declining home sales transactions and increased prices in the U.S. have negatively impacted our transaction and volume metrics.

Legal & Regulatory Environment

See Part II, Item 1 of this Quarterly Report for a discussion of the current legal environment and how such environment could potentially impact our business, results of operations, cash flows or financial condition.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>(in thousands, except transactions and agent count)</i>			
Performance:				
Agent NPS	76	72	75	71
Agent count	87,111	88,248	87,111	88,248
Real estate sales transactions	120,613	119,277	212,393	206,378
Real estate sales volume	\$ 51,915,639	\$ 48,570,132	\$ 89,070,389	\$ 81,811,749
Other real estate transactions	22,705	17,922	41,901	33,126
Real estate per transaction cost	\$ 488	\$ 533	\$ 559	\$ 567
Revenues	\$ 1,295,244	\$ 1,231,116	\$ 2,238,298	\$ 2,079,569
Operating profit (loss)	\$ 18,537	\$ 12,836	\$ 363	\$ 12,838
Adjusted EBITDA ⁽¹⁾	\$ 32,814	\$ 26,847	\$ 43,858	\$ 41,470

⁽¹⁾ Adjusted EBITDA is not a measurement of our financial performance under generally accepted accounting principles in the U.S. and should not be considered as an alternative to net income (loss) from continuing operations, 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 (loss) from continuing operations, see "Non-U.S. GAAP Financial Measures".

Revenue and adjusted EBITDA are key financial measures, and we review these measures to evaluate and drive our core operating performance.

Agent net promoter score (aNPS)

aNPS is a scale-based measure of customer satisfaction and an aNPS above 50 is considered excellent. 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. Despite the challenging market conditions, the Company's aNPS was 76 and 75 for the three and six months ended June 30, 2024, respectively compared to 72 and 71 for the same periods of 2023, respectively, due to our continuous investment in agent onboarding, expert care, transaction processing process and technology.

Agent count

One of our key strengths is attracting real estate agent and broker professionals that contribute to our growth. 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.

The number of agents declined (1)% in the first six months of 2024, compared to the same period of 2023, as we continue to off board less productive agents. However, we are committed to retaining our most productive agents in the United States and Canada through the execution of our growth strategies and the end-to-end suite of services we offer our agents.

Real estate sales transactions and volume

Real estate sales transactions are based on the side (buyer or seller) of each real estate transaction and are recorded when our agents and brokers represent buyers and/or sellers in the purchase or sale, respectively, of a home. The number of real estate transactions is a key driver of our revenue and profitability. 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.

Our real estate sales transactions and volume typically fluctuate with changes in the market's existing home sales transactions as reported by NAR; however, company-specific initiatives influence the transaction volume and productivity of our agents. For the three months and six months ended June 30, 2024, compared to the same periods of 2023, our real estate sales transactions increased 1% and 3%, respectively, due to our agents' productivity, which more than offset the decline in existing home sales in the U.S. as reported by the NAR. For the three months and six months ended June 30, 2024, compared to the same periods of 2023, transaction volume increased 7% and 9%, respectively, due to increased transactions and home sale prices.

Other real estate transactions

Other real estate transactions are recorded for leases, rentals and referrals that are undertaken by our agents and brokers. The increase in other real estate transactions reflects the productivity of our agents and brokers.

Real estate per transaction cost

Real estate per transaction cost is measured as selling, general and administrative, sales and marketing and technology and development expenses resulting from our services that directly support our agents and brokers, divided by total transactions (real estate and other). Real estate per transaction cost decreased (8)% and (1)% for the three months and six months ended June 30, 2024, respectively, primarily due to increased transactions and lower costs due to cost containment initiatives, partially offset by legal expenses related to the antitrust lawsuits.

Revenues

Revenues represent the commission revenue earned by the Company for closed brokerage real estate transactions. For the three months and six months ended June 30, 2024, compared to same periods of 2023, the Company's revenue increased due to increased real estate transactions driven by increased agent productivity and higher home sales prices, which more than offset declines in the U.S. real estate markets. Our revenues also increased due to increased international production in previously launched markets.

Operating Profit

The operating profit in the second quarter of 2024 of \$18.5 million compared to operating profit of \$12.8 million in the second quarter of 2023, reflects increased revenues, net of agent commissions and other agent-related costs, and lower operating costs in 2024, partially offset by increased legal expenses related to the antitrust lawsuits. The operating profit for the six

months ended June 30, 2024 of \$0.4 million compared to operating profit of \$12.8 million in the same period of 2023 reflects the litigation contingency accrual of \$16 million, and increased legal expenses related to the antitrust lawsuits, and increased severance and employee-related expenses, partially offset by increased revenues, net of agent commissions and other agent-related costs.

Adjusted EBITDA

Management reviews Adjusted EBITDA, which is a non-U.S. GAAP financial measure, to understand and evaluate our core operating performance. Adjusted EBITDA, for the three months ended June 30, 2024 was \$32.8 million compared to \$26.8 million for the three months ended June 30, 2023. The increase in adjusted EBITDA reflects increased revenues, net of agent commissions and other agent-related costs, and lower operating costs, partially offset by legal expenses related to the antitrust lawsuits. Adjusted EBITDA for the six months ended June 30, 2024 was \$43.9 million compared to \$41.5 million for the same period of 2023. The increase in adjusted EBITDA reflects increased revenues, net of agent commissions and other agent-related costs, partially offset by legal expenses related to the antitrust lawsuits, as well as increased severance and employee-related expenses.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2024 compared to the Three Months Ended June 30, 2023

	Three Months Ended	Three Months Ended	Change	
	June 30, 2024	June 30, 2023	\$	%
<i>(In thousands, except share amounts and per share data)</i>				
Statement of Operations Data:				
Revenues	\$ 1,295,244	\$ 1,231,116	\$ 64,128	5%
Operating expenses				
Commissions and other agent-related costs	1,197,668	1,135,615	62,053	5%
General and administrative expenses	61,160	64,917	(3,757)	(6)%
Technology and development expenses	14,848	14,888	(40)	-%
Sales and marketing expenses	3,031	2,860	171	6%
Total operating expenses	1,276,707	1,218,280	58,427	5%
Operating income	18,537	12,836	5,701	44%
Other (income) expense				
Total other (income) expense, net	(1,749)	(1,294)	(455)	(35)%
Equity in losses of unconsolidated affiliates	374	143	231	162%
Total other (income) expense, net	(1,375)	(1,151)	(224)	(19)%
Income before income tax expense	19,912	13,987	5,925	42%
Income tax expense	8,146	2,632	5,514	209%
Net income (loss) from continuing operations	11,766	11,355	411	4%
Adjusted EBITDA ⁽¹⁾	\$ 32,814	\$ 26,847	\$ 5,967	22%

⁽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 (loss) from continuing operations, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA, a reconciliation of Adjusted EBITDA to net income (loss) from continuing operations and a discussion of why we believe Adjusted EBITDA provides useful information to investors, see "Non-U.S. GAAP Financial Measures."

	June 30, 2024	June 30, 2023	Change	
			\$	%
<i>(In thousands, except percentages)</i>				
Revenues	\$ 1,295,244	\$ 1,231,116	\$ 64,128	5%

Total revenues increased 5% as a result of an increase in real estate transactions compared to the same period in 2023, because of the superior productivity of our agents, which more than offset declines in the U.S. real estate market in the second quarter of 2024. Our revenue also increased due to increased home sales prices.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Commissions and other agent-related costs	\$ 1,197,668	\$ 1,135,615	\$ 62,053	5%

Commissions and other agent-related costs increased 5% primarily because of the increase in real estate transactions and increased home sales prices. Commissions and other agent-related costs include sales commissions, revenue share and stock-based compensation paid to our agents.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
General and administrative expenses	\$ 61,160	\$ 64,917	(\$ 3,757)	(6)%

General and administrative expenses decreased (6%) due to cost containment initiatives, reflected in lower expenses related to the shareholders summit in 2024, since it was conducted virtually, partially offset by increased legal expenses related to the antitrust lawsuit. General and administrative expenses include costs related to wages, employee stock compensation, and other general overhead expenses.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Technology and development expenses	\$ 14,848	\$ 14,888	(\$ 40)	0%

Technology and development expenses were relatively flat with prior year and include employee and other costs related to the maintenance and development of the technology used by our agents and our employees.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Sales and marketing expenses	\$ 3,031	\$ 2,860	\$ 171	6%

Sales and marketing expenses increased 6% due to increased advertising in the U.S. and Canada residential real estate market.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Total other (income) expense, net	(\$ 1,375)	(\$ 1,151)	(\$ 224)	(19)%

Other (income) increased (19%) primarily due to increased interest income when compared to the second quarter of 2023. Other (income) expense includes interest income earned on cash and cash equivalents, and (earnings) losses related to equity investments.

	June 30, 2024	June 30, 2023	Change 2024 vs. 2023	
			\$	%
Income tax expense	\$ 8,146	\$ 2,632	\$ 5,514	209%

The Company's provision for income tax expense from continuing operations amounted to \$8.1 million and \$2.6 million for the three months ended June 30, 2024 and 2023, respectively, which represented effective tax rates of positive 40.9% and 18.8%, respectively. The provision for income tax expense was primarily attributable to deductible stock-based compensation shortfalls, research and development credit and non-deductible executive compensation.

Six Months Ended June 30, 2024 compared to the Six Months Ended June 30, 2023

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change 2024 vs. 2023	
			\$	%
<i>(In thousands)</i>				
Statement of Operations Data:				
Revenues	\$ 2,238,298	\$ 2,079,569	\$ 158,729	8%
Operating expenses				
Commissions and other agent-related costs	2,062,414	1,912,453	149,961	8%
General and administrative expenses	123,742	119,543	4,199	4%
Technology and development expenses	29,609	28,948	661	2%
Sales and marketing expenses	6,170	5,787	383	7%
Litigation contingency	16,000	-	16,000	-%
Total operating expenses	2,237,935	2,066,731	171,204	8%
Operating income	363	12,838	(12,475)	(97)%
Other (income) expense				
Total other (income) expense, net	(2,937)	(2,168)	(769)	(35)%
Equity in losses of unconsolidated affiliates	523	485	38	8%
Total other (income) expense, net	(2,414)	(1,683)	(731)	(43)%
Income before income tax expense	2,777	14,521	(11,744)	(81)%
Income tax expense	4,841	1,174	3,667	312%
Net income (loss) from continuing operations	(2,064)	13,347	(15,411)	(115)%
Adjusted EBITDA ⁽¹⁾	\$ 43,858	\$ 41,470	\$ 2,388	6%

⁽²⁾ Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income (loss) from continuing operations, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA, a reconciliation of Adjusted EBITDA to net income (loss) from continuing operations and a discussion of why we believe Adjusted EBITDA provides useful information to investors, see "Non-U.S. GAAP Financial Measures."

	June 30, 2024	June 30, 2023	Change 2024 vs. 2023	
			\$	%
Revenues	\$ 2,238,298	\$ 2,079,569	\$ 158,729	8%

Total revenues increased 8% as a result of an increase in real estate transactions compared to the same period in 2023, because of the superior productivity of our agents, which more than offset declines in the U.S. real estate market in the first half of 2024. Our revenue also increased due to increased home sales prices.

	June 30, 2024	June 30, 2023	Change 2024 vs. 2023	
			\$	%
Commissions and other agent-related costs	\$ 2,062,414	\$ 1,912,453	\$ 149,961	8%

Commissions and other agent-related costs increased 8% primarily because of the increase in real estate transactions and increased home sales prices. Commissions and other agent-related costs include sales commissions, revenue share and stock-based compensation paid to our agents.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
General and administrative expenses	\$ 123,742	\$ 119,543	\$ 4,199	4%

General and administrative expenses increased 4% due to increased severance and employee-related expenses and increased legal expenses related to the antitrust lawsuits, such increases were partially offset by lower costs related to the shareholders summit in 2024, since it was conducted virtually. General and administrative expenses include costs related to wages, employee stock compensation, and other general overhead expenses.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Technology and development expenses	\$ 29,609	\$ 28,948	\$ 661	2%

Technology and development expenses increased 2% and include employee and other costs related to the maintenance and development of the technology used by our agents and our employees.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Sales and marketing expenses	\$ 6,170	\$ 5,787	\$ 383	7%

Sales and marketing expenses increased 7% due to increased advertising in the U.S. and Canada residential real estate market.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Total other (income) expense, net	(\$ 2,414)	(\$ 1,683)	(\$ 731)	(43)%

Other (income) increased (43%) primarily due to increased interest income when compared to the first quarter of 2023. Other (income) expense include interest income earned on cash and cash equivalents, and (earnings) losses related to equity investments.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change 2024 vs. 2023</u>	
			<u>\$</u>	<u>%</u>
	<i>(In thousands, except percentages)</i>			
Income tax expense	\$ 4,841	\$ 1,174	\$ 3,667	312%

The Company's provision for income tax expense from continuing operations amounted to \$4.8 million and \$1.2 million for the six months ended June 30, 2024 and 2023, respectively, which represented effective tax rates of positive 174.3% and 8.1%, respectively. The provision for income tax expense was primarily attributable to deductible stock-based compensation shortfalls, research and development credit and non-deductible executive compensation.

BUSINESS SEGMENT DISCLOSURES

See Note 8 – *Segment Information* to the unaudited condensed consolidated financial statements for additional information regarding our business segments. The following table reflects the results of each of our reportable segments during the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change 2024 vs. 2023	
			\$	%
<i>(In thousands)</i>				
Statement of Operations Data:				
Revenues				
North American Realty	\$ 1,274,621	\$ 1,219,345	\$ 55,276	5%
International Realty	20,316	11,991	8,325	69%
Other Affiliated Services	1,467	1,072	395	37%
Segment eliminations	(1,160)	(1,292)	132	10%
Total Consolidated Revenues	\$ 1,295,244	\$ 1,231,116	\$ 64,128	5%
Adjusted Segment EBITDA⁽¹⁾				
North American Realty	38,503	34,122	\$ 4,381	13%
International Realty	(2,376)	(3,782)	1,406	37%
Other Affiliated Services	(988)	(1,168)	180	15%
Total Segment Adjusted EBITDA	35,139	29,172	5,967	20%
Corporate expenses and other	(2,325)	(2,325)	(0)	-%
Total Reported Adjusted EBITDA⁽¹⁾	\$ 32,814	\$ 26,847	\$ 5,967	22%

⁽¹⁾ Adjusted Segment EBITDA and Adjusted EBITDA are not measurements of our financial performance under U.S. GAAP and should not be considered as alternatives to net income (loss) from continuing operations, operating income, or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted Segment EBITDA and Adjusted EBITDA and a reconciliation of such measures to operating profit and net income (loss) from continuing operations, respectively, 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 operating profit (loss) from continuing operations plus depreciation and amortization and stock-based compensation expenses. Adjusted EBITDA is defined by us as 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 and other items that are not core to the operating activities of the Company. The Company’s presentation of Adjusted Segment EBITDA and Adjusted EBITDA may not be comparable to similar measures used by other companies.

North American Realty revenues increased 5% in the second quarter of 2024 compared to the same period in 2023 primarily due to increased real estate transactions and increased home sales prices, despite the challenging market in the U.S. residential real estate markets. Adjusted EBITDA increased 13% due to improved business efficiencies and reduced costs.

International Realty revenues increased 69% in the second quarter of 2024 compared to the same period in 2023 primarily due to increased real estate transactions driven by improved agent production in previously launched markets. Adjusted EBITDA improved 37% in the second quarter of 2024 compared to the same period in 2023 due to increased revenue and improved business efficiencies and reduced costs.

Other Affiliated Services revenues increased 37% due to Virbela Frame® revenue, which more than offset lower SUCCESS® revenues. Adjusted EBITDA improved 15% due to increased revenues and cost containment initiatives.

Corporate expenses and other contain the costs incurred to operate the corporate parent of eXp Realty.

The following table reflects the results of each of our reportable segments during the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change 2024 vs. 2023	
			\$	%
<i>(In thousands)</i>				
Statement of Operations Data:				
Revenues				
North American Realty	\$ 2,201,758	\$ 2,056,459	\$ 145,299	7%
International Realty	35,912	22,748	13,164	58%
Other Affiliated Services	3,255	2,749	506	18%
Segment eliminations	(2,627)	(2,387)	(240)	(10)%
Total Consolidated Revenues	\$ 2,238,298	\$ 2,079,569	\$ 158,729	8%
Adjusted Segment EBITDA ⁽¹⁾				
North American Realty	56,312	55,325	\$ 987	2%
International Realty	(5,731)	(7,458)	1,727	23%
Other Affiliated Services	(1,755)	(1,849)	94	5%
Total Segment Adjusted EBITDA	48,826	46,018	2,808	6%
Corporate expenses and other	(4,968)	(4,548)	(420)	(9)%
Total Reported Adjusted EBITDA	\$ 43,858	\$ 41,470	\$ 2,388	6%

(1) Adjusted Segment EBITDA and Adjusted EBITDA are not measurements of our financial performance under U.S. GAAP and should not be considered as alternatives to net income (loss) from continuing operations, operating income, or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted Segment EBITDA and Adjusted EBITDA and a reconciliation of such measures to operating profit and net income (loss) from continuing operations, respectively, 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 operating profit (loss) from continuing operations plus depreciation and amortization and stock-based compensation expenses. Adjusted EBITDA is defined by us as 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 and other items that are not core to the operating activities of the Company. The Company's presentation of Adjusted Segment EBITDA and Adjusted EBITDA may not be comparable to similar measures used by other companies.

North American Realty revenues increased 7% for the six months ended June 30, 2024 compared to the same period in 2023 primarily due to increased real estate transactions and increased home sales prices, despite the challenging market in the U.S. residential real estate markets. Adjusted EBITDA increased 2% due to increased revenues, net of agent commissions and other agent-related costs, partially offset by increased legal expenses, increased severance and employee-related expenses.

International Realty revenues increased 58% for the six months ended June 30, 2024 compared to the same period in 2023 primarily due to increased real estate transactions driven by improved agent production in previously launched markets. Adjusted EBITDA improved 23% for the six months ended June 30, 2024 compared to the same period in 2023 due to increased revenue and improved business efficiencies and reduced costs.

Other Affiliated Services revenues increased 18% due to Virbela Frame[®] revenue, which more than offset lower SUCCESS[®] revenues. Adjusted EBITDA improved 5% due to increased revenues, partially offset by increases in selling, general and administrative expenses related to investing in business initiatives.

Corporate expenses and other contain the costs incurred to operate the corporate parent of eXp Realty.

NON-U.S. GAAP FINANCIAL MEASURES

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

We define the non-U.S. GAAP financial measure of Consolidated 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 Segment EBITDA is defined as operating profit (loss) from continuing operations plus depreciation and

amortization and stock-based compensation expenses. 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 (loss) from continuing operations, the closest comparable U.S. GAAP measure. Some of these limitations are that:

- Adjusted EBITDA excludes stock-based compensation expense related to our agent growth incentive program and stock option expense, which have been, and will continue to be for the foreseeable future, significant recurring expenses in our business and an important part of our compensation strategy; and
- Adjusted EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets, amortization of intangible assets, and impairment charges related to these long-lived assets, and, although these are non-cash charges, the assets being depreciated, amortized, or impaired may have to be replaced in the future.

The following tables present a reconciliation of Adjusted EBITDA to net (loss) income from continuing operations, the most comparable U.S. GAAP financial measure, for each of the periods presented:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net (loss) income from continuing operations	\$ 11,766	\$ 11,355	(\$ 2,064)	\$ 13,347
Total other (income) expense, net	(1,375)	(1,151)	(2,414)	(1,683)
Income tax (benefit) expense	8,146	2,632	4,841	1,174
Depreciation and amortization	2,963	3,143	5,363	5,358
Litigation contingency	-	-	16,000	-
Stock compensation expense ⁽¹⁾	9,329	8,488	18,157	18,148
Stock option expense	1,985	2,380	3,975	5,126
Adjusted EBITDA	<u>\$ 32,814</u>	<u>\$ 26,847</u>	<u>\$ 43,858</u>	<u>\$ 41,470</u>

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

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are our cash and cash equivalents on hand and cash flows generated from our business operations. Our ability to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to fund our operations and capital expenditures, repurchase our common stock, and meet obligations as they become due. Our cash and cash equivalents balances and cash flows from operations have strengthened primarily due to transaction volume growth and improved cost leverage over the prior five years, attributable to the expansion of our independent agent and broker network and, to a lesser extent, increased average prices of home sales.

Currently, our primary use of cash on hand is to sustain and grow our business operations, including, but not limited to, commission and revenue share payments to agents and brokers and cash outflows for operating expenses and dividend payments. In addition, the Company has no known material cash requirements as of June 30, 2024, relating to capital expenditures, commitments, or human capital (except as passthrough commissions to agents and brokers concurrent with settled real estate transactions).

We believe that our existing balances of cash and cash equivalents and cash flows expected to be generated from our operations will be sufficient to satisfy our operating requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our level of investment in technology, our rate of growth into new markets, and cash used to repurchase shares of the Company's common stock. Our capital requirements may be affected by factors which we cannot control such as the changes in the residential real estate market, interest rates, and other monetary and fiscal policy changes to the manner in which we currently operate. In order to support and achieve our future

growth plans, we may need or seek advantageously to obtain additional funding through equity or debt financing. We believe that our current operating structure will facilitate sufficient cash flows from operations to satisfy our expected long-term liquidity requirements beyond the next twelve months.

Net Working Capital

Net working capital is calculated as the Company's total current assets less its total current liabilities. The following table presents our net working capital as of June 30, 2024 and December 31, 2023:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 335,567	\$ 266,475
Current liabilities	(237,105)	(141,640)
Net working capital	<u>\$ 98,462</u>	<u>\$ 124,835</u>

For the six months ended June 30, 2024, net working capital decreased (\$26.4) million, or (21)%, compared to December 31, 2023, primarily due to increased accrued liabilities and accounts receivable, due to the increased revenues in the first half of 2024, compared to the last half of 2023.

Cash Flows

The following table presents our cash flows for the three months ended June 30, 2024 and 2023:

	<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net cash provided by operating activities	\$ 131,801	\$ 154,168
Net cash used in investment activities	(10,369)	(9,962)
Net cash used in financing activities	(96,458)	(90,935)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1,346)	620
Net change in cash, cash equivalents and restricted cash	<u>\$ 23,628</u>	<u>\$ 53,891</u>

For the six months ended June 30, 2024, net cash provided by operating activities decreased (\$22.4) million compared to the same period in 2023. The decrease in operating activities was primarily driven by decreased net income, agent equity stock compensation expense, and customer deposits, partially offset by favorable working capital changes.

For the six months ended June 30, 2024, net cash used in investing activities relates to cash used for purchases of property and equipment, acquisition of new business, and investments in affiliates and increased modestly compared to the same period of 2023.

For the six months ended June 30, 2024 and 2023 net cash flows used in financing activities increased \$5.5 million compared to the same period in 2023, primarily driven by increased stock repurchases and the payment of cash dividends.

Acquisitions

While we do not consider acquisitions a critical element of our ongoing business, we seek opportunities to expand and enhance our portfolio of solutions, access new revenue streams, or otherwise complement or accelerate the growth of our existing operations. We may fund acquisitions or investments in complementary businesses with various sources of capital including existing cash balances and cash flow from operations. Acquisitions during the first six months of 2024 have not had a material impact on cash flow.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the 2023 Annual Report, which provides a description of our critical accounting policies. There were no changes to critical accounting policies or estimates as reflected in our 2023 Annual Report. For additional information regarding our critical accounting policies and estimates, see the Critical Accounting Policies and Estimates section of MD&A included in our 2023 Annual Report.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposures to market risk since December 31, 2023. For details on the Company's interest rate and foreign currency exchange, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2023 Annual Report.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (as the principal executive officer) and Principal Financial Officer, to allow timely decisions regarding required disclosures.

As of June 30, 2024, an evaluation was conducted by the Company under the supervision and with the participation of its management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Principal Financial Officer each concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably believed to be likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See *Note 12 - Commitments* to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information regarding the Company's legal proceedings, which is incorporated herein by reference. We cannot provide any assurances that results of such litigation will not have a material adverse effect on our business, results of operations, cash flows or financial condition.

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

Item 1A. RISK FACTORS

The business, financial condition and operating results of the Company can be affected by a number of risks, whether currently known or unknown. For a discussion of our potential risks and uncertainties, please see in Part I, Item 1A Risk Factors of the 2023 Annual Report. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price. Except for the risk factors disclosed in Part I, Item 1A of 2023 Annual Report, which are hereby incorporated by reference into this Part II, Item 1A of this Quarterly Report, the risk factor related to legal and regulatory matters and the modified risk factor related to our stock set forth below, there have been no material changes to the Company's risk factors as disclosed in the 2023 Annual Report. Modifications to the risk factors below are designated by underlined text and removals are designated by ~~stricken~~ text.

Risks Related to Legal and Regulatory Matters

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; all defendants have since settled (some of which remain subject to final court approval). That same day, the Company, along with other brokerage and non-brokerage defendants, were named as defendants in *Gibson v. National Association of Realtors*, alleging a similar fact pattern and antitrust violations. Since that time, the Company has been named as a defendant in additional putative class action lawsuits alleging similar fact patterns and antitrust violations. NAR and certain brokerage defendants have settled certain of these lawsuits, which include both monetary and non-monetary settlement terms. Those settlement terms may impact business practices within the industry which could adversely impact the Company's business, results of operations, and financial condition.~~

Risks Related to our Real Estate Business

The real estate market may be severely impacted by industry changes as the result of certain class action lawsuits, settlements, or government investigations.

The real estate industry faces significant pressure from private lawsuits and investigations by the Department of Justice (the "DOJ") into antitrust issues.

In April 2019, the National Association of REALTORS® ("NAR") and certain brokerages and franchisors (including Realogy Holdings Corp., HomeServices of America, Inc. RE/MAX, and Keller Williams Realty, Inc.) were named as defendants in a class action complaint alleging a conspiracy to violate federal antitrust laws by, among other things, requiring residential property sellers in Missouri to pay inflated commission fees to buyer brokers (the "NAR Class Action"). On October 31, 2023, a jury found NAR and various of its co-defendants liable and awarded plaintiffs nearly \$1.8 billion in damages (all defendants have since settled, some of which remain subject to final court approval). Class action suits raising similar claims are already pending in this and other jurisdictions and the outcome of the NAR Class Action may result in additional such actions being filed. The Company has been named as one of several defendants in similar class action suits, as discussed further in our 2023 Annual Report, *Note 12 – Commitments and Contingencies* and *Note 13 – Subsequent Events* to these unaudited consolidated financial statements.

Defending against class action litigation is costly, may divert time and money away from our operations, and imposes a significant burden on management and employees. Also, the results of any such litigation or investigation cannot be predicted with certainty, and any negative outcome could result in payments of substantial monetary damages or fines, and/or undesirable changes to our operations or business practices, and accordingly, our business, financial condition, or results of operations could be materially and adversely affected.

On March 15, 2024, NAR entered a settlement agreement to resolve on a class wide basis the claims against NAR in the NAR Class Action. In addition to a monetary payment of \$418 million, NAR agreed to change certain business practices, including changes to cooperative compensation and buyer agreements. The NAR settlement agreement: (1) prohibits NAR and REALTOR® MLSs from requiring that listing brokers or sellers make offers of compensation to buyer brokers or other

buyer representatives; (2) prohibits NAR, REALTOR® MLSs and MLS participants from making an offer of compensation on the MLS; and (3) requires all REALTOR® MLS participants to enter into a written buyer agreement specifying compensation before taking a buyer on tour. The NAR settlement received preliminary court approval on April 23, 2024.

These revised NAR rules and practices have caused and may require additional changes to our business model, including changes to agent and broker compensation and how we meet home buyers. Without mandated commission sharing, for example, we may see the introduction of hourly or a la carte services. Or, if buyers now compensate brokers, they may be more likely to contact listing agents directly, which could drive down dual agent broker commissions. Home lending rules and norms do not currently allow buyers to include buyer's agent compensation in the balance of a home loan, which may impair the ability of homebuyers to pay their agent fees when purchasing a home. The amended rules and regulations also require us to get a buyer agreement signed before we take a home buyer on a first tour. This requirement may dissuade buyers from hiring the Company, thereby reducing the fees we receive from our agents. These and other shifts in the model for agent and broker compensation could significantly change the brokerage landscape overall and may adversely affect our financial condition and results of operations.

In addition to the NAR Class Action and various similar private actions already pending, beginning in 2018, the DOJ began investigating NAR for violations of the federal antitrust laws. The DOJ and NAR appeared to reach a resolution in November 2020, resulting in the filing of a Complaint and Proposed Consent Judgment pursuant to which NAR agreed to adopt certain rule changes, such as increased disclosure of commission offers. The DOJ has since sought to continue its investigation of NAR, and on April 5, 2024 a federal appeals court decided that the DOJ could reopen its investigation. It is uncertain what effect, if any, the resumption of the DOJ's investigation could have on the larger real estate industry, including any further settlement that may result therefrom.

Risks Related to Our Stock

Because we can issue additional shares of common stock and because we issue stock under equity incentive plans, 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 and a 2024 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~~ June 30, 2024, there were 88,596,220 shares registered and authorized under the 2015 Equity Incentive Plan, of which 1,782,991 ~~20,760,284~~ are available for future issuance. As of June 30, 2024, there were 150,000,000 shares authorized and 36,000,000 shares registered under the 2024 Equity Incentive Plan, of which 150,000,000 are available for future issuance, subject to registration. The Company will cease issuing shares under the 2015 Equity Incentive Plan once it switches to the 2024 Equity Incentive Plan, which is anticipated to occur during the fiscal quarter ended September 30, 2024. 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.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information about repurchases of our common stock through the quarter ended June 30, 2024:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plans or programs
4/1/2024-4/30/2024	2,002,515	\$ 10.12	2,002,515	\$ 379,074,101
5/1/2024-5/31/2024	1,327,188	11.91	1,327,188	364,074,109
6/1/2024-6/30/2024	1,369,246	10.90	1,369,246	349,080,915
Total	4,698,949	\$ 10.98	4,698,949	

⁽¹⁾ In December 2018, the Board 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 another amendment to the repurchase program increasing the total amount authorized to be purchased from \$400.0 million to \$500.0 million. In June 2023, the Board approved another amendment to the repurchase program increasing the total amount authorized to be purchased from \$500.0 million to \$1.0 billion. The stock repurchase program is more fully disclosed in *Note 7 – Stockholders' Equity* to the condensed financial statements.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

During the three months ended June 30, 2024, no directors or 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 6. EXHIBITS

Exhibit Number	Exhibit Description	Form	Exhibit	Incorporated by Reference Filing Date/Period End Date
3.1	Restated Certificate of Incorporation	10-K	3.1	2/28/2023
3.2	Restated Bylaws	10-K	3.2	2/28/2023
10.1	Eighth Amendment to eXp World Holdings, Inc. Stock Repurchase Plan	8-K	10.1	6/20/2024
10.2*†	eXp World Holdings, Inc. 2024 Equity Incentive Plan			
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934			
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934			
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101.INS*	Inline XBRL Instance Document			
101.SCH *	Inline XBRL Taxonomy Extension Schema Document			
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)			

* Filed herewith

** Furnished herewith and not “filed” for purposes of Section 18 of the Exchange Act

† Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

July 31, 2024

eXp World Holdings, Inc.
(Registrant)

/s/ Kent Cheng

Kent Cheng
Chief Accounting Officer (Principal Financial Officer)