

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, 2023.

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission file number: 001-36101



RE/MAX Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

80-0937145

*(I.R.S. Employer
Identification Number)*

**5075 South Syracuse Street
Denver, Colorado**

(Address of principal executive offices)

80237

(Zip Code)

(303) 770-5531

(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
Class A Common Stock, \$0.0001 par value per share	RMAX	New York Stock Exchange

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 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	☒	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

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

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

On July 27, 2023, there were 18,127,065 outstanding shares of the registrant's Class A common stock, \$0.0001 par value per share, and 1 outstanding share of Class B common stock, \$0.0001 par value per share.

TABLE OF CONTENTS

	<u>Page No.</u>
<u>PART I. – FINANCIAL INFORMATION</u>	
Item 1.	Financial Statements 3
	Condensed Consolidated Balance Sheets 3
	Condensed Consolidated Statements of Income (Loss) 4
	Condensed Consolidated Statements of Comprehensive Income (Loss) 5
	Condensed Consolidated Statements of Stockholders' Equity 6
	Condensed Consolidated Statements of Cash Flows 7
	Notes to Unaudited Condensed Consolidated Financial Statements 8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations 23
Item 3.	Quantitative and Qualitative Disclosures About Market Risks 36
Item 4.	Controls and Procedures 37
<u>PART II. – OTHER INFORMATION</u>	
Item 1.	Legal Proceedings 37
Item 1A.	Risk Factors 38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds 38
Item 3.	Defaults Upon Senior Securities 38
Item 4.	Mine Safety Disclosures 38
Item 5.	Other Information 38
Item 6.	Exhibits 39
	SIGNATURES 41

PART I. – FINANCIAL INFORMATION

Item 1. Financial Statements

RE/MAX HOLDINGS, INC. Condensed Consolidated Balance Sheets (In thousands, except share and per share amounts) (Unaudited)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,757	\$ 108,663
Restricted cash	17,679	29,465
Accounts and notes receivable, current portion, net of allowances	35,233	32,518
Income taxes receivable	1,595	2,138
Other current assets	15,713	20,178
Total current assets	166,977	192,962
Property and equipment, net of accumulated depreciation	8,768	9,793
Operating lease right of use assets	25,350	25,825
Franchise agreements, net	111,267	120,174
Other intangible assets, net	22,141	25,763
Goodwill	259,712	258,626
Deferred tax assets, net	51,930	51,441
Income taxes receivable, net of current portion	754	754
Other assets, net of current portion	8,121	9,896
Total assets	\$ 655,020	\$ 695,234
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,648	\$ 6,165
Accrued liabilities	50,739	70,751
Income taxes payable	720	1,658
Deferred revenue	24,318	27,784
Current portion of debt	4,600	4,600
Current portion of payable pursuant to tax receivable agreements	1,642	1,642
Operating lease liabilities	7,542	7,068
Total current liabilities	93,209	119,668
Debt, net of current portion	441,846	443,720
Payable pursuant to tax receivable agreements, net of current portion	24,917	24,917
Deferred tax liabilities, net	12,399	13,113
Deferred revenue, net of current portion	17,595	18,287
Operating lease liabilities, net of current portion	35,525	37,989
Other liabilities, net of current portion	5,504	5,838
Total liabilities	630,995	663,532
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, par value \$.0001 per share, 180,000,000 shares authorized; 18,126,616 and 17,874,238 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	2	2
Class B common stock, par value \$.0001 per share, 1,000 shares authorized; 1 share issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	542,412	535,566
Accumulated deficit	(65,298)	(53,999)
Accumulated other comprehensive income (deficit), net of tax	503	(395)
Total stockholders' equity attributable to RE/MAX Holdings, Inc.	477,619	481,174
Non-controlling interest	(453,594)	(449,472)
Total stockholders' equity	24,025	31,702
Total liabilities and stockholders' equity	\$ 655,020	\$ 695,234

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Condensed Consolidated Statements of Income (Loss)
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Continuing franchise fees	\$ 32,101	\$ 34,128	\$ 64,177	\$ 67,627
Annual dues	8,587	9,016	17,205	17,936
Broker fees	14,321	19,317	25,213	34,402
Marketing Funds fees	21,077	22,909	42,419	45,760
Franchise sales and other revenue	6,361	6,802	18,834	17,451
Total revenue	82,447	92,172	167,848	183,176
Operating expenses:				
Selling, operating and administrative expenses	40,212	40,781	89,327	88,612
Marketing Funds expenses	21,077	22,909	42,419	45,760
Depreciation and amortization	8,008	9,113	16,041	18,098
Settlement and impairment charges	—	2,460	—	6,195
Total operating expenses	69,297	75,263	147,787	158,665
Operating income (loss)	13,150	16,909	20,061	24,511
Other expenses, net:				
Interest expense	(8,840)	(4,032)	(17,085)	(7,683)
Interest income	1,141	159	2,145	178
Foreign currency transaction gains (losses)	215	(160)	258	20
Total other expenses, net	(7,484)	(4,033)	(14,682)	(7,485)
Income (loss) before provision for income taxes	5,666	12,876	5,379	17,026
Provision for income taxes	(2,422)	(2,601)	(2,814)	(3,806)
Net income (loss)	\$ 3,244	\$ 10,275	\$ 2,565	\$ 13,220
Less: net income (loss) attributable to non-controlling interest	1,234	4,446	1,226	5,940
Net income (loss) attributable to RE/MAX Holdings, Inc.	\$ 2,010	\$ 5,829	\$ 1,339	\$ 7,280
Net income (loss) attributable to RE/MAX Holdings, Inc. per share of Class A common stock				
Basic	\$ 0.11	\$ 0.31	\$ 0.07	\$ 0.38
Diluted	\$ 0.11	\$ 0.30	\$ 0.07	\$ 0.38
Weighted average shares of Class A common stock outstanding				
Basic	18,124,630	18,997,397	18,020,736	18,965,911
Diluted	18,387,669	19,153,349	18,152,256	19,182,477
Cash dividends declared per share of Class A common stock	\$ 0.23	\$ 0.23	\$ 0.46	\$ 0.46

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 3,244	\$ 10,275	\$ 2,565	\$ 13,220
Change in cumulative translation adjustment	1,229	(1,067)	1,328	(585)
Other comprehensive income (loss), net of tax	1,229	(1,067)	1,328	(585)
Comprehensive income (loss)	4,473	9,208	3,893	12,635
Less: Comprehensive income (loss) attributable to non-controlling interest	1,647	3,962	1,656	5,696
Comprehensive income (loss) attributable to RE/MAX Holdings, Inc., net of tax	<u>\$ 2,826</u>	<u>\$ 5,246</u>	<u>\$ 2,237</u>	<u>\$ 6,939</u>

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss), net of tax	Non- controlling interest	Total stockholders' equity
	Shares	Amount	Shares	Amount					
Balances, January 1, 2023	17,874,238	\$ 2	1	\$ —	\$ 535,566	\$ (53,999)	\$ (395)	\$ (449,472)	\$ 31,702
Net income (loss)	—	—	—	—	—	(671)	—	(8)	(679)
Distributions to non-controlling unitholders	—	—	—	—	—	—	—	(2,889)	(2,889)
Equity-based compensation expense and dividend equivalents	593,463	—	—	—	6,635	(660)	—	—	5,975
Dividends to Class A common stockholders	—	—	—	—	—	(4,164)	—	—	(4,164)
Repurchase and retirement of common shares	(160,405)	—	—	—	—	(3,408)	—	—	(3,408)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	—	82	17	99
Shares withheld for taxes on share-based compensation	(185,349)	—	—	—	(3,458)	—	—	—	(3,458)
Other	—	—	—	—	—	(235)	—	—	(235)
Balances, March 31, 2023	18,121,947	\$ 2	1	\$ —	\$ 538,743	\$ (63,137)	\$ (313)	\$ (452,352)	\$ 22,943
Net income (loss)	—	—	—	—	—	2,010	—	1,234	3,244
Distributions to non-controlling unitholders	—	—	—	—	—	—	—	(2,889)	(2,889)
Equity-based compensation expense and dividend equivalents	5,682	—	—	—	3,688	(3)	—	—	3,685
Dividends to Class A common stockholders	—	—	—	—	—	(4,168)	—	—	(4,168)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	—	816	413	1,229
Shares withheld for taxes on share-based compensation	(1,013)	—	—	—	(19)	—	—	—	(19)
Balances, June 30, 2023	18,126,616	\$ 2	1	\$ —	\$ 542,412	\$ (65,298)	\$ 503	\$ (453,594)	\$ 24,025

	Class A common stock		Class B common stock		Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss), net of tax	Non- controlling interest	Total stockholders' equity
	Shares	Amount	Shares	Amount					
Balances, January 1, 2022	18,806,194	\$ 2	1	\$ —	\$ 515,443	\$ (7,821)	\$ 650	\$ (439,207)	\$ 69,067
Net income (loss)	—	—	—	—	—	1,451	—	1,494	2,945
Distributions to non-controlling unitholders	—	—	—	—	—	—	—	(2,894)	(2,894)
Equity-based compensation expense and dividend equivalents	587,283	—	—	—	12,215	(685)	—	—	11,530
Dividends to Class A common stockholders	—	—	—	—	—	(4,439)	—	—	(4,439)
Repurchase and retirement of common shares	(45,885)	—	—	—	—	(1,314)	—	—	(1,314)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	—	242	240	482
Shares withheld for taxes on share-based compensation	(175,048)	—	—	—	(5,586)	—	—	—	(5,586)
Balances, March 31, 2022	19,172,544	\$ 2	1	\$ —	\$ 522,072	\$ (12,808)	\$ 892	\$ (440,367)	\$ 69,791
Net income (loss)	—	—	—	—	—	5,829	—	4,446	10,275
Distributions to non-controlling unitholders	—	—	—	—	—	—	—	(4,529)	(4,529)
Equity-based compensation expense and dividend equivalents	39,002	—	—	—	4,123	(7)	—	—	4,116
Dividends to Class A common stockholders	—	—	—	—	—	(4,420)	—	—	(4,420)
Repurchase and retirement of common shares	(441,311)	—	—	—	—	(10,552)	—	—	(10,552)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	—	(583)	(484)	(1,067)
Shares withheld for taxes on share-based compensation	(16,400)	—	—	—	(73)	—	—	—	(73)
Balances, June 30, 2022	18,753,835	\$ 2	1	\$ —	\$ 526,122	\$ (21,958)	\$ 309	\$ (440,934)	\$ 63,541

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 2,565	\$ 13,220
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,041	18,098
Equity-based compensation expense	9,159	10,172
Bad debt expense	3,532	396
Deferred income tax expense (benefit)	(1,017)	1,020
Fair value adjustments to contingent consideration	(99)	1,995
Impairment charge - leased assets	—	3,735
Loss on sale or disposition of assets, net	365	115
Non-cash lease benefit	(1,516)	(867)
Non-cash loss on lease termination	—	1,175
Non-cash debt charges	427	427
Other, net	(82)	149
Changes in operating assets and liabilities	(27,133)	(10,716)
Net cash provided by operating activities	2,242	38,919
Cash flows from investing activities:		
Purchases of property, equipment and capitalization of software	(2,831)	(6,144)
Other	434	—
Net cash used in investing activities	(2,397)	(6,144)
Cash flows from financing activities:		
Payments on debt	(2,300)	(2,300)
Distributions paid to non-controlling unitholders	(5,778)	(7,423)
Dividends and dividend equivalents paid to Class A common stockholders	(8,995)	(9,551)
Payments related to tax withholding for share-based compensation	(3,477)	(5,659)
Common shares repurchased	(3,408)	(11,866)
Payment of contingent consideration	(240)	(120)
Net cash used in financing activities	(24,198)	(36,919)
Effect of exchange rate changes on cash	661	(446)
Net decrease in cash, cash equivalents and restricted cash	(23,692)	(4,590)
Cash, cash equivalents and restricted cash, beginning of period	138,128	158,399
Cash, cash equivalents and restricted cash, end of period	\$ 114,436	\$ 153,809

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Business and Organization

RE/MAX Holdings, Inc. ("Holdings") and its consolidated subsidiaries, including RMCO, LLC ("RMCO"), are referred to hereinafter as the "Company."

The Company is one of the world's leading franchisors in the real estate industry, franchising real estate brokerages globally under the RE/MAX brand ("RE/MAX") and mortgage brokerages within the United States ("U.S.") under the Motto Mortgage brand ("Motto"). The Company also sells ancillary products and services, including loan processing services, to its Motto network through the wemlo brand. The Company focuses on enabling its networks' success by providing powerful technology, quality education, and valuable marketing to build the strength of the RE/MAX and Motto brands.

RE/MAX and Motto are 100% franchised—the Company does not own any of the brokerages that operate under these brands.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Condensed Consolidated Balance Sheet at December 31, 2022, which was derived from the audited consolidated financial statements at that date, and the unaudited interim condensed consolidated financial statements and notes thereto have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying condensed consolidated financial statements are presented on a consolidated basis and include the accounts of Holdings and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated. In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary to present fairly the Company's financial position as of June 30, 2023 and the results of its operations and comprehensive income, cash flows and changes in its stockholders' equity for the three and six months ended June 30, 2023 and 2022. Interim results may not be indicative of full-year performance.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements within the Company's Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Annual Report on Form 10-K"). Please refer to that document for a fuller discussion of all significant accounting policies.

Use of Estimates

The preparation of the accompanying condensed consolidated 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 the disclosure of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Segment Reporting

The Company operates under the following four operating segments: Real Estate, Mortgage, Marketing Funds and Other. Due to quantitative insignificance, the "Other" operating segment is comprised of operations which do not meet the criteria of a reportable segment.

Revenue Recognition

The Company generates most of its revenue from contracts with customers. The Company's major streams of revenue are:

[Table of Contents](#)

- Continuing franchise fees, which are fixed contractual fees paid monthly by RE/MAX or Motto franchisees or Independent Region sub-franchisors based on the number of RE/MAX agents or Motto open offices.
- Annual dues, which are fees charged directly to RE/MAX agents.
- Broker fees, which are fees on real estate commissions when a RE/MAX agent assists a consumer with buying or selling a home.
- Marketing Funds fees, which are fixed contractual fees paid monthly by franchisees based on the number of RE/MAX agents or Motto open offices.
- Franchise sales and other revenue, which consists of fees from initial sales of RE/MAX and Motto franchises, renewals of RE/MAX franchises and RE/MAX master franchise fees, as well as data services subscription revenue, preferred marketing arrangements, technology products and subscription revenue, events-related revenue from education and other programs and mortgage loan processing revenue.

Deferred Revenue and Commissions Related to Franchise Sales

Deferred revenue is primarily driven by Franchise sales and Annual dues, as discussed above, and is included in “Deferred revenue” and “Deferred revenue, net of current portion” on the Condensed Consolidated Balance Sheets. Other deferred revenue is primarily related to events-related revenue. The activity consists of the following (in thousands):

	Balance at January 1, 2023	New billings	Revenue recognized ^(a)	Balance at June 30, 2023
Franchise sales	\$ 25,281	\$ 3,815	\$ (4,580)	\$ 24,516
Annual dues	14,164	17,549	(17,205)	14,508
Other	6,626	9,975	(13,712)	2,889
	<u>\$ 46,071</u>	<u>\$ 31,339</u>	<u>\$ (35,497)</u>	<u>\$ 41,913</u>

(a) Revenue recognized related to the beginning balance for Franchise sales and Annual dues were \$4.3 million and \$10.7 million, respectively, for the six months ended June 30, 2023.

Commissions paid on franchise sales are recognized as an asset and amortized over the contract life of the franchise agreement. The activity in the Company’s capitalized contract costs for commissions (which are included in “other current assets” and “other assets, net of current portion” on the Condensed Consolidated Balance Sheets) consist of the following (in thousands):

	Balance at January 1, 2023	Additions to contract cost for new activity	Expense recognized	Balance at June 30, 2023
Capitalized contract costs for commissions	\$ 3,974	\$ 1,462	\$ (1,171)	\$ 4,265

Transaction Price Allocated to the Remaining Performance Obligations

The following table includes estimated revenue by year, excluding certain other immaterial items, expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period (in thousands):

	Remainder of 2023	2024	2025	2026	2027	2028	Thereafter	Total
Annual dues	\$ 11,295	\$ 3,213	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,508
Franchise sales	3,581	6,365	5,175	3,816	2,393	1,114	2,072	24,516
Total	<u>\$ 14,876</u>	<u>\$ 9,578</u>	<u>\$ 5,175</u>	<u>\$ 3,816</u>	<u>\$ 2,393</u>	<u>\$ 1,114</u>	<u>\$ 2,072</u>	<u>\$ 39,024</u>

Disaggregated Revenue

In the following table, segment revenue is disaggregated by Company-Owned or Independent Regions, where applicable, by segment and by geographical area (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
U.S. Company-Owned Regions	\$ 36,075	\$ 42,733	\$ 69,936	\$ 81,887
U.S. Independent Regions	1,752	1,877	3,228	3,578
Canada Company-Owned Regions	10,541	11,434	20,339	21,909
Canada Independent Regions	723	715	1,447	1,418
Global	3,204	3,193	6,402	6,285
Fee revenue ^(a)	52,295	59,952	101,352	115,077
Franchise sales and other revenue ^(b)	5,264	5,824	16,837	15,436
Total Real Estate	57,559	65,776	118,189	130,513
U.S.	16,100	17,641	32,405	35,200
Canada	4,721	4,988	9,484	10,001
Global	256	280	530	559
Total Marketing Funds	21,077	22,909	42,419	45,760
Mortgage ^(c)	3,616	3,115	6,804	6,143
Other ^(c)	195	372	436	760
Total	\$ 82,447	\$ 92,172	\$ 167,848	\$ 183,176

(a) Fee revenue includes Continuing franchise fees, Annual dues and Broker fees.

(b) Franchise sales and other revenue is derived primarily within the U.S.

(c) Revenue from Mortgage and Other are derived exclusively within the U.S.

Cash, Cash Equivalents and Restricted Cash

All cash held by the Marketing Funds is contractually restricted, pursuant to the applicable franchise agreements. The following table reconciles the amounts presented for cash, both unrestricted and restricted, in the Condensed Consolidated Balance Sheets to the amounts presented in the Condensed Consolidated Statements of Cash Flows (in thousands):

	June 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 96,757	\$ 108,663
Restricted cash	17,679	29,465
Total cash, cash equivalents and restricted cash	\$ 114,436	\$ 138,128

Services Provided to the Marketing Funds by Real Estate

Real Estate charges the Marketing Funds for various services it performs. These services are primarily comprised of (a) building and maintaining the remax.com and remax.ca websites and mobile apps, (b) dedicated employees focused on marketing campaigns, and (c) various administrative services including customer support of technology; accounting and legal. In 2022 and prior, the additional services provided were (d) agent marketing technology; including customer relationship management and competitive market analysis tools and (e) agent, office and team websites. Because these costs are ultimately paid by the Marketing Funds, they do not impact the net income (loss) of Holdings as the Marketing Funds have no reported net income. The Company started to transition to the kvCORE platform for agent marketing technology and agent, office, and team websites in the second half of 2022. The payment for these aforementioned services have since been paid for directly by the Marketing Funds, which reduces the charges Real Estate had historically charged the Marketing Funds when these services were provided by the Company (See *Restructuring Charges* below).

Costs charged from Real Estate to the Marketing Funds are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Technology – operating	\$ 1,169	\$ 3,519	\$ 2,338	\$ 7,743
Technology – capital ^(a)	—	530	(203)	1,161
Marketing staff and administrative services	1,483	1,140	2,975	2,681
Total	<u>\$ 2,652</u>	<u>\$ 5,189</u>	<u>\$ 5,110</u>	<u>\$ 11,585</u>

- (a) During the first quarter of 2023, the Company determined that certain development projects were no longer needed and therefore \$0.2 million, reflecting the cost of work in process assets that would no longer be placed in service, was refunded to the Marketing Funds.

Accounts and Notes Receivable

As of June 30, 2023, and December 31, 2022, the Company had allowances against accounts and notes receivable of \$10.5 million and \$9.1 million, respectively.

Property and Equipment

As of June 30, 2023, and December 31, 2022, the Company had accumulated depreciation of \$12.2 million and \$10.9 million, respectively.

Leases

The Company leases corporate offices, a distribution center, billboards and certain equipment. As all franchisees are independently owned and operated, there are no leases recognized for any offices used by the Company's franchisees. All the Company's material leases are classified as operating leases. The Company acts as the lessor for sublease agreements on its corporate headquarters, consisting solely of operating leases.

During the first quarter of 2022, the Company subleased a portion of its corporate headquarters. As a result, the Company performed impairment tests on the portion subleased. Based on a comparison of undiscounted cash flows to the right of use ("ROU") asset, the Company determined that the asset was impaired, driven largely by the difference between the existing lease rate on the Company's corporate headquarters and the sublease rates received. This resulted in impairment charges of \$3.7 million for the first quarter of 2022, which reflect the excess of the ROU asset carrying value over its fair value.

During the second quarter of 2022, the Company terminated its booj office lease, which is owned by an entity controlled by former employees of the Company. As a result, the Company wrote off an ROU asset of \$2.7 million and derecognized \$1.5 million of lease liability associated with the terminated lease. The Company also recognized a loss on termination of \$2.5 million, which included a lease termination payment of \$1.3 million.

Restructuring Charges

During the third quarter of 2022, the Company began incurring expenses related to a restructuring in its business and technology offerings with the phased rollout of the kvCORE platform, replacing the functionality previously provided by the booj platform. A significant amount of these costs are termination benefits related to workforce reductions including severance and related expenses that were incurred in the second half of 2022. See Note 6, *Accrued Liabilities* for a roll forward of the liability related to the restructuring as of June 30, 2023.

Severance and Retirement Plan

On May 24, 2023, the Compensation Committee of the Board of Directors approved a Severance and Retirement Plan (the "Plan"). The Plan replaces the Severance Pay Benefit Plan adopted by the Company on December 4, 2018. The Plan provides benefits to eligible employees and executive officers of RE/MAX, LLC and its subsidiaries, in the event of (i) involuntary termination of their employment due to position elimination, reduction in force, or other circumstances that the employer determines should result in payment of benefits, or (ii) voluntary termination of employment due to retirement for

employees who meet the retirement eligibility criteria in the Plan, subject in both cases to certain restrictions set forth in the Plan. In the case of involuntary termination, these benefits include salary continuation, a health benefits stipend, outplacement services and a possible pro-rated bonus. In the case of retirement, these benefits include modification of vesting of restricted stock awards (for employees who are eligible for restricted stock awards) and a possible pro-rated bonus.

Foreign Currency Derivatives

The Company is exposed to foreign currency transaction gains and losses related to certain foreign currency denominated asset and liability positions, with the Canadian dollar representing the most significant exposure primarily from an intercompany loan from a U.S. subsidiary to a Canadian subsidiary. The Company uses short duration foreign currency forward contracts, generally with maturities ranging from a few days to a few months, to minimize its exposures related to foreign currency exchange rate fluctuations. None of these contracts are designated as accounting hedges as the underlying currency positions are revalued through "Foreign currency transaction gains (losses)" along with the related derivative contracts.

The Company has a short-term \$74.0 million Canadian dollar forward contract that matures in the third quarter of 2023 that net settles in U.S. dollars based on the prevailing spot rates at maturity.

Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires entities to recognize and measure contract assets (commissions related to franchise sales) and contract liabilities (deferred revenue) acquired in a business combination in accordance with ASC 2014-09, Revenue from Contracts with Customers (Topic 606). The update will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The new standard is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. The impact to future acquisitions could be material depending on the significance of future acquisitions. There would be no impact to cash flows.

New Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which contains temporary optional expedients and exceptions to the guidance in U.S. GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). The new guidance is effective upon issuance and may be adopted on any date on or after March 12, 2020. The Company believes the amendments of ASU 2020-04 will not have a significant impact on the Company's consolidated financial statements and related disclosures as the Company does not currently engage in interest rate hedging of its LIBOR based debt, nor does it believe it has any material contracts tied to LIBOR other than its Senior Secured Credit Facility, as discussed in Note 7, *Debt*. The Company does not expect any material adverse consequences from this transition.

3. Non-controlling Interest

Holdings is the sole managing member of RMCO and operates and controls all the business affairs of RMCO. The ownership of the common units in RMCO is summarized as follows:

	June 30, 2023		December 31, 2022	
	Shares	Ownership %	Shares	Ownership %
Non-controlling interest ownership of common units in RMCO	12,559,600	40.9 %	12,559,600	41.3 %
Holdings outstanding Class A common stock (equal to Holdings common units in RMCO)	18,126,616	59.1 %	17,874,238	58.7 %
Total common units in RMCO	30,686,216	100.0 %	30,433,838	100.0 %

The weighted average ownership (“WAO”) percentages for the applicable reporting periods are used to calculate the “Net income (loss) attributable to RE/MAX Holdings, Inc.” A reconciliation of “Income (loss) before provision for income taxes” to “Net income (loss) attributable to RE/MAX Holdings, Inc.” and “Net Income (loss) attributable to non-controlling interest” in the accompanying Condensed Consolidated Statements of Income (Loss) for the periods indicated is detailed as follows (in thousands, except percentages):

Three Months Ended June 30,						
	2023			2022		
	RE/MAX Holdings, Inc.	Non-controlling interest	Total	RE/MAX Holdings, Inc.	Non-controlling interest	Total
Weighted average ownership percentage of RMCO ^(a)	59.1 %	40.9 %	100.0 %	60.2 %	39.8 %	100.0 %
Income (loss) before provision for income taxes ^(a)	\$ 3,340	\$ 2,326	\$ 5,666	\$ 7,750	\$ 5,126	\$ 12,876
(Provision) / benefit for income taxes ^{(b)(c)}	(1,330)	(1,092)	(2,422)	(1,921)	(680)	(2,601)
Net income (loss)	\$ 2,010	\$ 1,234	\$ 3,244	\$ 5,829	\$ 4,446	\$ 10,275

Six Months Ended June 30,						
	2023			2022		
	RE/MAX Holdings, Inc.	Non-controlling interest	Total	RE/MAX Holdings, Inc.	Non-controlling interest	Total
Weighted average ownership percentage of RMCO ^(a)	58.9 %	41.1 %	100.0 %	60.2 %	39.8 %	100.0 %
Income (loss) before provision for income taxes ^(a)	\$ 3,172	\$ 2,207	\$ 5,379	\$ 10,235	\$ 6,791	\$ 17,026
(Provision) / benefit for income taxes ^(b)	(1,833)	(981)	(2,814)	(2,955)	(851)	(3,806)
Net income (loss)	\$ 1,339	\$ 1,226	\$ 2,565	\$ 7,280	\$ 5,940	\$ 13,220

- (a) The WAO percentage of RMCO differs from the allocation of income (loss) before provision for income taxes between Holdings and the non-controlling interest due to certain relatively insignificant items recorded at Holdings.
- (b) The provision for income taxes attributable to Holdings is primarily comprised of U.S. federal and state income taxes on its proportionate share of the flow-through income from RMCO. It also includes Holdings’ share of taxes directly incurred by RMCO and its subsidiaries, including taxes in certain foreign jurisdictions. See Note 9, *Income Taxes* for additional information.

Distributions and Other Payments to Non-controlling Unitholders

Under the terms of RMCO’s limited liability company operating agreement, RMCO makes cash distributions to non-controlling unitholders on a pro-rata basis. The distributions paid or payable to non-controlling unitholders are summarized as follows (in thousands):

	Six Months Ended June 30,	
	2023	2022
Tax distributions	\$ —	\$ 1,645
Dividend distributions	5,778	5,778
Total distributions to non-controlling unitholders	\$ 5,778	\$ 7,423

4. Earnings (loss) Per Share, Dividends and Repurchases

Earnings (loss) Per Share

The following is a reconciliation of the numerator and denominator used in the basic and diluted earnings (loss) per share ("EPS") calculations (in thousands, except shares and per share information):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net income (loss) attributable to RE/MAX Holdings, Inc.	\$ 2,010	\$ 5,829	\$ 1,339	\$ 7,280
Denominator for basic net income (loss) per share of Class A common stock				
Weighted average shares of Class A common stock outstanding	18,124,630	18,997,397	18,020,736	18,965,911
Denominator for diluted net income (loss) per share of Class A common stock				
Weighted average shares of Class A common stock outstanding	18,124,630	18,997,397	18,020,736	18,965,911
Add dilutive effect of the following:				
Restricted stock	263,039	155,952	131,520	216,566
Weighted average shares of Class A common stock outstanding, diluted	18,387,669	19,153,349	18,152,256	19,182,477
Net income (loss) attributable to RE/MAX Holdings, Inc. per share of Class A common stock				
Basic	\$ 0.11	\$ 0.31	\$ 0.07	\$ 0.38
Diluted	\$ 0.11	\$ 0.30	\$ 0.07	\$ 0.38

Outstanding Class B common stock does not share in the earnings of Holdings and is therefore not a participating security. Accordingly, basic and diluted net income (loss) per share of Class B common stock has not been presented.

Dividends

Dividends declared and paid during each quarter ended per share on all outstanding shares of Class A common stock were as follows (in thousands, except per share information):

Quarter end declared	Six Months Ended June 30,							
	2023				2022			
	Date paid	Per share	Class A stockholders (\$)	Non-controlling unitholders (\$)	Date paid	Per share	Class A stockholders (\$)	Non-controlling unitholders (\$)
March 31	March 22, 2023	\$ 0.23	\$ 4,164	\$ 2,889	March 16, 2022	\$ 0.23	\$ 4,439	\$ 2,889
June 30	May 31, 2023	0.23	4,168	2,889	May 25, 2022	0.23	4,420	2,889
		<u>\$ 0.46</u>	<u>\$ 8,332</u>	<u>\$ 5,778</u>		<u>\$ 0.46</u>	<u>\$ 8,859</u>	<u>\$ 5,778</u>

On August 1, 2023, the Company's Board of Directors declared a quarterly dividend of \$0.23 per share on all outstanding shares of Class A common stock, payable on August 29, 2023 to stockholders of record at the close of business on August 15, 2023.

Share Repurchases and Retirement

In January 2022, the Company's Board of Directors authorized a common stock repurchase program of up to \$100 million. During the six months ended June 30, 2023, 160,405 shares of the Company's Class A common stock were repurchased and retired for \$3.4 million excluding commissions, at a weighted average cost of \$21.24. As of June 30, 2023, \$62.5 million remained available under the share repurchase program.

5. Intangible Assets and Goodwill

The following table provides the components of the Company's intangible assets (in thousands, except weighted average amortization period in years):

	Weighted Average Amortization Period	As of June 30, 2023			As of December 31, 2022		
		Initial Cost	Accumulated Amortization	Net Balance	Initial Cost	Accumulated Amortization	Net Balance
Franchise agreements	12.3	\$ 225,411	\$ (114,144)	\$ 111,267	\$ 224,397	\$ (104,223)	\$ 120,174
Other intangible assets:							
Software ^(a)	4.2	\$ 50,456	\$ (35,628)	\$ 14,828	\$ 48,658	\$ (32,198)	\$ 16,460
Trademarks	9.2	1,718	(1,343)	375	1,713	(1,272)	441
Non-compete agreements	4.3	13,044	(6,536)	6,508	12,953	(4,878)	8,075
Training materials	5.0	2,400	(2,320)	80	2,400	(2,080)	320
Other	7.0	870	(520)	350	870	(403)	467
Total other intangible assets	4.4	\$ 68,488	\$ (46,347)	\$ 22,141	\$ 66,594	\$ (40,831)	\$ 25,763

- (a) As of June 30, 2023 and December 31, 2022, capitalized software development costs of \$1.1 million and \$4.6 million, respectively, were related to technology projects not yet complete and ready for their intended use and thus were not subject to amortization.

Amortization expense was \$7.4 million and \$8.5 million for the three months ended June 30, 2023 and 2022, respectively, and was \$14.8 million and \$16.8 million for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the estimated future amortization expense related to intangible assets includes the estimated amortization expense associated with the Company's intangible assets assumed with the Company's acquisitions (in thousands):

Remainder of 2023	\$ 14,764
2024	25,747
2025	21,921
2026	15,452
2027	8,886
Thereafter	46,638
	<u>\$ 133,408</u>

The following table presents changes to goodwill by reportable segment (in thousands):

	Real Estate	Mortgage	Total
Balance, January 1, 2023	\$ 239,993	\$ 18,633	\$ 258,626
Effect of changes in foreign currency exchange rates	1,086	—	1,086
Balance, June 30, 2023	<u>\$ 241,079</u>	<u>\$ 18,633</u>	<u>\$ 259,712</u>

6. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Marketing Funds ^(a)	\$ 34,053	\$ 47,670
Accrued payroll and related employee costs	9,294	14,419
Accrued taxes	1,080	2,025
Accrued professional fees	1,335	1,331
Other	4,977	5,306
	<u>\$ 50,739</u>	<u>\$ 70,751</u>

- (a) Consists primarily of liabilities recognized to reflect the contractual restriction that all funds collected in the Marketing Funds must be spent for designated purposes. See Note 2, *Summary of Significant Accounting Policies* for additional information.

[Table of Contents](#)

The following table presents a roll forward of the liability as related to the strategic shift and restructure of its business, which is in “Accrued payroll and related employee costs” in the table above (in thousands):

Balance, January 1, 2023	\$	3,631
Severance and other related expenses (releases)		(33)
Cash payments		(2,901)
Balance, June 30, 2023	\$	697

7. Debt

Debt, net of current portion, consists of the following (in thousands):

	June 30, 2023	December 31, 2022
Senior Secured Credit Facility	\$ 450,800	\$ 453,101
Less unamortized debt issuance costs	(3,217)	(3,532)
Less unamortized debt discount costs	(1,137)	(1,249)
Less current portion	(4,600)	(4,600)
	\$ 441,846	\$ 443,720

As of June 30, 2023, maturities of debt are as follows (in thousands):

Remainder of 2023	\$ 2,300
2024	4,600
2025	4,600
2026	4,600
2027	4,600
Thereafter	430,100
	\$ 450,800

Senior Secured Credit Facility

On July 21, 2021, the Company amended and restated its Senior Secured Credit Facility to refinance its existing facility. The revised facility provides for a seven-year \$460.0 million term loan facility which matures on July 21, 2028, and a \$50.0 million revolving loan facility which must be repaid on July 21, 2026.

The Senior Secured Credit Facility requires the Company to repay term loans at \$1.2 million per quarter. The Company is also required to repay the term loans and reduce revolving commitments with (i) 100% of proceeds of any incurrence of additional debt not permitted by the Senior Secured Credit Facility, (ii) 100% of proceeds of asset sales and 100% of amounts recovered under insurance policies, subject to certain exceptions and a reinvestment right and (iii) 50% of Excess Cash Flow (or “ECF” as defined in the Senior Secured Credit Facility) at the end of the applicable fiscal year if RE/MAX, LLC’s Total Leverage Ratio (or “TLR” as defined in the Senior Secured Credit Facility) is in excess of 4.25:1. If the TLR as of the last day of such fiscal year is equal to or less than 4.25:1 but above 3.75:1, the repayment percentage is 25% of ECF and if the TLR as of the last day of such fiscal year is less than 3.75:1, no repayment from ECF is required. In addition, the Company is limited in the amount of restricted payments it can make as defined in the Senior Secured Credit Facility. These restricted payments include declaration or payment of dividends, repurchase of shares, or other distributions. In general, the Company can make unlimited restricted payments, so long as the TLR is below 3.50:1 (both before and after giving effect to such payments). As of June 30, 2023, our TLR was 3.20:1, as such no ECF payment was required, and the limits on restricted payments were not applicable.

Borrowings under the term loans and revolving loans accrue interest, at the Company’s option on (a) LIBOR, provided LIBOR shall be no less than 0.50% plus an applicable margin of 2.50% and, provided further that such rate shall be adjusted for reserve requirements for eurocurrency liabilities, if any (the “LIBOR Rate”) or (b) the greatest of (i) the prime rate as quoted by the Wall Street Journal, (ii) the NYFRB Rate (as defined in the Senior Secured Credit Facility) plus 0.50% and (iii) the one-month Eurodollar Rate plus 1.00%, (such greatest rate, the “ABR”) plus, in each case, an applicable margin of 1.50%. The Senior Secured Credit Facility includes a provision for transition from LIBOR to the alternative reference rate of Adjusted Term SOFR on or before June 2023 (the LIBOR Rate cessation date). The Company will transition from LIBOR to Adjusted Term SOFR during the third quarter of 2023 and borrowings under the term loans and revolving loans will accrue interest based on Adjusted Term SOFR beginning on July 31, 2023, subject to

[Table of Contents](#)

the same floor of 0.50%, plus the same applicable margin of 2.50%. As of June 30, 2023, the interest rate on the term loan facility was 7.8%.

Whenever amounts are drawn under the revolving line of credit, the Senior Secured Credit Facility requires compliance with a leverage ratio (calculated as net debt to EBITDA as defined therein). A commitment fee of 0.5% per annum (subject to reductions) accrues on the amount of unutilized revolving line of credit. As of the date of this report, no amounts were drawn on the revolving line of credit.

8. Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, the Company follows a three-tier fair value hierarchy, which is described in detail in the 2022 Annual Report on Form 10-K.

A summary of the Company's liabilities measured at fair value on a recurring basis is as follows (in thousands):

	As of June 30, 2023				As of December 31, 2022			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Liabilities								
Motto contingent consideration	\$ 3,600	\$ —	\$ —	\$ 3,600	\$ 3,710	\$ —	\$ —	\$ 3,710
Gadberry Group contingent consideration	588	—	—	588	817	—	—	817
Contingent consideration ^(a)	<u>\$ 4,188</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,188</u>	<u>\$ 4,527</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,527</u>

(a) Recorded as a component of "Accrued liabilities" and "Other liabilities, net of current portion" in the accompanying Condensed Consolidated Balance Sheets.

The Company is required to pay additional purchase consideration totaling 8% of gross receipts collected by Motto each year (the "Revenue Share Year") through September 30, 2026, with no limitation as to the maximum payout. The annual payment is required to be made within 120 days of the end of each Revenue Share Year. The fair value of the contingent purchase consideration represents the forecasted discounted cash payments that the Company expects to pay. Increases or decreases in the fair value of the contingent purchase consideration can result from changes in discount rates as well as the timing and amount of forecasted revenues. The forecasted revenue growth assumption that is most sensitive is the assumed franchise sales count for which the forecast assumes between 60-140 franchises sold annually. This assumption is based on historical sales and an assumption of growth over time. A 10% change in the number of franchise sales would change the liability by \$0.1 million. A 1% change to the discount rate applied to the forecast changes the liability by approximately \$0.1 million. As of June 30, 2023, contingent consideration also includes an amount recognized in connection with the acquisition of the Gadberry Group. The Company measures these liabilities each reporting period and recognizes changes in fair value, if any, in "Selling, operating and administrative expenses" in the accompanying Condensed Consolidated Statements of Income (Loss).

The table below presents a reconciliation of the contingent consideration (in thousands):

	Total
Balance at January 1, 2023	<u>\$ 4,527</u>
Fair value adjustments	(99)
Cash payments	(240)
Balance at June 30, 2023	<u>\$ 4,188</u>

The following table summarizes the carrying value and estimated fair value of the Senior Secured Credit Facility (in thousands):

	June 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
Senior Secured Credit Facility	<u>\$ 446,446</u>	<u>\$ 433,895</u>	<u>\$ 448,320</u>	<u>\$ 414,587</u>

9. Income Taxes

The “Provision for income taxes” in the accompanying Condensed Consolidated Statements of Income (Loss) is based on an estimate of the Company’s annualized effective income tax rate and discrete items recorded during the three and six months ended June 30, 2023.

Uncertain Tax Positions

Uncertain tax position liabilities represent the aggregate tax effect of differences between the tax return positions and the amounts otherwise recognized in the consolidated financial statements and are recognized in “Income taxes payable” in the Condensed Consolidated Balance Sheets. Interest and penalties are accrued on the uncertain tax positions and included in the “Provision for income taxes” in the accompanying Condensed Consolidated Statements of Income (Loss). While the Company believes the liabilities recognized for uncertain tax positions are adequate to cover reasonably expected tax risks, there can be no assurance that an issue raised by a tax authority will be resolved at a cost that does not exceed the liability recognized.

10. Equity-Based Compensation

Equity-based compensation expense under the Holdings 2013 Omnibus Incentive Plan (the “2013 Incentive Plan”) as well as the new Holdings 2023 Omnibus Incentive Plan (the “2023 Incentive Plan” and, together with the 2013 Incentive Plan, the “Incentive Plans”), is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Expense from time-based awards	\$ 2,843	\$ 3,844	\$ 5,347	\$ 7,692
Expense from performance-based awards ^(a)	844	188	1,561	278
Expense from bonus to be settled in shares ^(b)	1,021	503	2,251	2,202
Equity-based compensation expense	<u>\$ 4,708</u>	<u>\$ 4,535</u>	<u>\$ 9,159</u>	<u>\$ 10,172</u>

- (a) Expense recognized for performance-based awards is re-assessed each quarter based on expectations of achievement against the performance conditions. During the first quarter of 2022, the Company had a significant amount of forfeitures related to performance-based awards issued to the Company’s former CEO which, subsequent to his departure, did not vest.
- (b) A portion of the annual corporate bonus earned is to be settled in shares. These amounts are recognized as “Accrued liabilities” in the accompanying Condensed Consolidated Balance Sheets and are not included in “Additional paid-in capital” until the shares are issued.

Time-based Restricted Stock

The following table summarizes equity-based compensation activity related to time-based restricted stock units and restricted stock awards:

	Shares	Weighted average grant date fair value per share
Balance, January 1, 2023	611,102	\$ 32.23
Granted	643,113	\$ 18.65
Shares vested (including tax withholding) ^(a)	(263,067)	\$ 30.32
Forfeited	(26,117)	\$ 25.14
Balance, June 30, 2023	<u>965,031</u>	<u>\$ 23.89</u>

- (a) Pursuant to the terms of the Incentive Plan, shares withheld by the Company for the payment of the employee’s tax withholding related to shares vesting are added back to the pool of shares available for future awards.

As of June 30, 2023, there was \$14.1 million of total unrecognized expense. This compensation expense is expected to be recognized over the weighted-average remaining vesting period of 1.8 years.

Performance-based Restricted Stock

The following table summarizes equity-based compensation activity related to performance-based restricted stock units:

	Shares	Weighted average grant date fair value per share
Balance, January 1, 2023	143,199	\$ 32.11
Granted ^(a)	220,489	\$ 20.26
Shares vested (including tax withholding) ^(b)	(24,122)	\$ 17.77
Forfeited	(22,778)	\$ 27.85
Balance, June 30, 2023	<u>316,788</u>	<u>\$ 25.26</u>

(a) Represents the total participant target award.

(b) Pursuant to the terms of the Incentive Plan, shares withheld by the Company for the payment of the employee's tax withholding related to shares vesting are added back to the pool of shares available for future awards.

As of June 30, 2023, there was \$4.3 million of total unrecognized expense. This compensation expense is expected to be recognized over the weighted-average remaining vesting period of 1.7 years. The 2013 Incentive Plan was replaced by the 2023 Incentive Plan, which was approved by the Board of Directors and approved by the Company's stockholders at the annual meeting of stockholders.

11. Commitments and Contingencies

A number of putative class action complaints are pending against the National Association of Realtors ("NAR"), Anywhere Real Estate, Inc. (formerly Realogy Holdings Corp.), HomeServices of America, Inc., RE/MAX, LLC and Keller Williams Realty, Inc. The first was filed on March 6, 2019, by plaintiff Christopher Moehrl in the United States District Court for the Northern District of Illinois (the "Moehrl Action"). Similar actions have been filed in various federal courts. The complaints make substantially similar allegations and seek substantially similar relief. For convenience, all of these lawsuits are collectively referred to as the "Moehrl-related antitrust litigations." In the Moehrl Action, the plaintiffs allege that a NAR rule that requires brokers to make a blanket, non-negotiable offer of buyer broker compensation when listing a property, results in increased costs to sellers and is in violation of federal antitrust law. They further allege that certain defendants use their agreements with franchisees to require adherence to the NAR rule in violation of federal antitrust law. Amended complaints added allegations regarding buyer steering and non-disclosure of buyer-broker compensation to the buyer. While similar to the Moehrl Action, the Moehrl-related antitrust litigations also allege: state antitrust violations; unjust enrichment; state consumer protection statute violations; harm to home buyers rather than sellers; violations of the Missouri Merchandising Practices Act; and claims against a multiple listing service (MLS) defendant rather than NAR.

In one of the Moehrl-related antitrust litigations, filed by plaintiffs Scott and Rhonda Burnett and others in the Western District of Missouri, the court on April 22, 2022 granted plaintiffs' motion for class certification and a trial date is currently scheduled for October 2023. On June 15, 2023, the court set February 26, 2024 as the backup trial date to be utilized if necessary due to the then pending appeal by HomeServices of America, Inc., BHH Affiliates, LLC, and HSF Affiliates, LLC (collectively "HSA"). The court also ordered the parties to mediate. On July 21, 2023, the parties attended mediation and the case did not settle. On July 31, 2023, the court set a status conference for August 4, 2023. On August 2, 2023, the Eight Circuit affirmed the court's decision denying HSA's motion to compel unnamed class members to arbitrate their claims. At the August 4, 2023 conference, the Company anticipates the court will revisit the two options for Burnett trial dates of October 2023 or February 2024. Among other relief, plaintiffs seek damages equal to all buyer commissions paid by sellers in four MLSs primarily in Missouri during the class period from April 29, 2015 to present. If any damages are awarded, such damages could be trebled and defendants would be jointly and severally liable.

In the Moehrl Action, plaintiffs sought certification of two classes of home sellers: (1) a class seeking an award of alleged damages incurred by home sellers who paid a commission between March 6, 2015 and December 31, 2020, to a brokerage affiliated with a corporate defendant in connection with the sale of residential real estate listed on any of the 20 covered MLSs in various parts of the country; and (2) a class of current or future owners of residential real estate, who are presently listing or will in the future list a home for sale on any of the 20 covered MLSs, seeking to prohibit defendants from maintaining and enforcing the NAR rules at issue in the complaint. On March 29, 2023, the court in the Moehrl Action granted plaintiffs' motion for class certification as to both classes. On April 12, 2023, RE/MAX, LLC petitioned the United States Court of Appeals for the Seventh Circuit for permission to appeal the Court's class certification decision. On May 24, 2023, the Seventh Circuit denied the petition. On August 2, 2023 during a status conference, the Moehrl court indicated that rulings on summary judgment motions, which have not been filed yet, would likely not occur prior to May of 2024, and a trial date has not been set.

In one of the Moehrl-related antitrust litigations, filed by Jennifer Nosalek and others in the District of Massachusetts, on June 30, 2023, plaintiffs filed a motion for preliminary approval of a settlement with MLS Property Information Network, Inc. ("MLS PIN"). If approved by the court, the settlement agreement requires MLS PIN to eliminate the requirement that a seller must offer compensation to a buyer-broker and also amend various rules pertaining to seller notices and negotiation of buyer-broker compensation. MLS PIN also agreed to pay \$3,000,000 into a litigation fund to fund plaintiffs' legal fees and expenses incurred in the litigation. No other defendants are part of the settlement.

On April 9, 2021, a putative class action claim (the "Sunderland Action") was filed in the Federal Court of Canada against the Toronto Regional Real Estate Board ("TRREB"), The Canadian Real Estate Association ("CREA"), RE/MAX Ontario-Atlantic Canada Inc. ("RE/MAX OA"), which was acquired by the Company in July 2021, Century 21 Canada Limited Partnership, Royal LePage Real Estate Services Ltd., and many other real estate companies, collectively the "Defendants", by the putative representative plaintiff, Mark Sunderland (the "Plaintiff"). The Plaintiff alleges that the Defendants conspired, agreed or arranged with each other and acted in furtherance of their conspiracy to fix, maintain, increase, control, raise, or stabilize the rate of real estate buyers' brokerages' and salespersons' commissions in respect of the purchase and sale of properties listed on TRREB's multiple listing service system (the "Toronto MLS") in violation of the Canadian Competition Act. On February 24, 2022, Plaintiff filed a Fresh as Amended Statement of Claim. With respect RE/MAX OA, the amended claim alleges franchisor defendants aided and abetted their respective franchisee brokerages and their salespeople in violation of the section 45(1) of the Competition Act. Among other requested relief, the Plaintiff seeks damages against the defendants and injunctive relief.

The Company intends to vigorously defend against all claims. The Company may become involved in additional litigation or other legal proceedings concerning the same or similar claims. The Company is unable to reasonably estimate the financial impact of the litigation and cannot predict whether resolution of these matters would have a material effect on its financial position or results of operations. The Moehrl Action, Moehrl-related antitrust litigations (collectively referred to as the "Moehrl-related antitrust litigations"), and Sunderland Action consist of:

Christopher Moehrl et al. v. The National Association of Realtors, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc. RE/MAX, LLC., and Keller Williams Realty, Inc., filed on March 6, 2019 in the U.S. District Court for the Northern District of Illinois.

Scott and Rhonda Burnett et al. v. The National Association of Realtors, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX, LLC, and Keller Williams Realty, Inc., filed on April 29, 2019 in the U.S. District Court for the Western District of Missouri.

Jennifer Nosalek et al. v. MLS Property Information Network, Inc., Anywhere Real Estate Inc. (f/k/a Realogy Holdings Corp.), Century 21 Real Estate LLC, Coldwell Banker Real Estate LLC, Sotheby's International Realty Affiliates LLC, Better Homes and Gardens Real Estate LLC, ERA Franchise System LLC, HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX, LLC, Polzler & Schneider Holdings Corp., Integra Enterprises Corp., RE/MAX of New England, Inc., RE/MAX Integrated Regions, LLC, and Keller Williams Realty, Inc., filed on December 17, 2020 in the U.S. District Court for the District of Massachusetts.

Mya Batton et al. v. The National Association of Realtors, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX, LLC, and Keller Williams Realty, Inc., filed on January 25, 2021 in the U.S. District Court for the Northern District of Illinois.

Mark Sunderland v. Toronto Regional Real Estate Board (TRREB), The Canadian Real Estate Association (CREA), RE/MAX Ontario-Atlantic Canada Inc. o/a RE/MAX INTEGRA, Century 21 Canada Limited Partnership, Residential Income Fund, L.P., Royal LePage Real Estate Services Ltd., Homelife Realty Services Inc., Right At Home Realty Inc., Forest Hill Real Estate Inc., Harvey Kalles Real Estate Ltd., Max Wright Real Estate Corporation, Chestnut Park Real Estate Limited, Sutton Group Realty Services Ltd. and IPRO Realty Ltd., filed April 9, 2021 in the Federal Court of Canada.

12. Segment Information

The Company operates under the following four operating segments: Real Estate, Mortgage, Marketing Funds and Other. Mortgage does not meet the quantitative significance test; however, management has chosen to report results for the segment as it believes it will be a key driver of future success for Holdings. Management evaluates the operating results of its segments based upon revenue and adjusted earnings before interest, the provision for income taxes, depreciation and amortization and other non-cash and non-recurring cash charges or other items ("Adjusted EBITDA"). The Company's presentation of Adjusted EBITDA may not be comparable to similar measures used by other companies. Except for the adjustments identified below in arriving at Adjusted EBITDA, the accounting policies of the reportable segments are the same as those described in the Company's 2022 Annual Report on Form 10-K.

The following table presents revenue from external customers by segment (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Continuing franchise fees	\$ 29,387	\$ 31,619	\$ 58,934	\$ 62,739
Annual dues	8,587	9,016	17,205	17,936
Broker fees	14,321	19,317	25,213	34,402
Franchise sales and other revenue	5,264	5,824	16,837	15,436
Total Real Estate	57,559	65,776	118,189	130,513
Continuing franchise fees	2,714	2,509	5,243	4,888
Franchise sales and other revenue	902	606	1,561	1,255
Total Mortgage	3,616	3,115	6,804	6,143
Marketing Funds fees	21,077	22,909	42,419	45,760
Other	195	372	436	760
Total revenue	\$ 82,447	\$ 92,172	\$ 167,848	\$ 183,176

[Table of Contents](#)

The following table presents a reconciliation of Adjusted EBITDA by segment to income (loss) before provision for income taxes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Adjusted EBITDA: Real Estate	\$ 28,721	\$ 36,331	\$ 51,413	\$ 67,010
Adjusted EBITDA: Mortgage	(1,457)	(1,164)	(4,054)	(3,337)
Adjusted EBITDA: Other	(620)	(36)	(795)	(62)
Adjusted EBITDA: Consolidated	26,644	35,131	46,564	63,611
Impairment charge - leased assets ^(a)	—	—	—	(3,735)
Loss on lease termination ^(b)	—	(2,460)	—	(2,460)
Equity-based compensation expense	(4,708)	(4,535)	(9,159)	(10,172)
Acquisition-related expense ^(c)	(64)	(328)	(101)	(1,585)
Fair value adjustments to contingent consideration ^(d)	95	(1,710)	99	(1,995)
Restructuring charges	72	—	33	—
Other	(666)	(236)	(1,076)	(1,035)
Interest income	1,141	159	2,145	178
Interest expense	(8,840)	(4,032)	(17,085)	(7,683)
Depreciation and amortization	(8,008)	(9,113)	(16,041)	(18,098)
Income (loss) before provision for income taxes	\$ 5,666	\$ 12,876	\$ 5,379	\$ 17,026

- (a) Represents the impairment recognized on a portion of the Company's corporate headquarters office building in the prior year. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (b) During the second quarter of 2022, a loss was recognized in connection with the termination of the booj office lease. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (c) Acquisition-related expense includes personnel, legal, accounting, advisory and consulting fees incurred in connection with the acquisition activities and integration of acquired companies.
- (d) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liabilities. See Note 8, *Fair Value Measurements* for additional information.

Item 2.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements ("financial statements") and accompanying notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and accompanying notes included in our most recent Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Annual Report on Form 10-K").

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are often identified by the use of words such as "believe," "intend," "expect," "estimate," "plan," "outlook," "project," "anticipate," "may," "will," "would" and other similar words and expressions that predict or indicate future events or trends that are not statements of historical matters. Forward-looking statements include statements related to: agent count; franchise sales; Motto open offices; our business model; cost structure; balance sheet; revenue; operating expenses; financial outlook; return of capital, including dividends and our share repurchase program; non-GAAP financial measures; assets and liabilities held for sale; uncertain tax positions; housing and mortgage market condition and trends; economic and demographic trends; competition; the anticipated benefits our technology initiatives, including our relationship with InsideRE, LLC ("InsideRE"), developers of the kvCORE platform; our anticipated sources and uses of liquidity including for potential acquisitions; capital expenditures; future litigation expenses relating to the Moehrl-related antitrust litigations; our strategic and operating plans and business models including our efforts to accelerate the growth of our businesses; the long-term benefits of our strategic growth opportunities including mitigation of economic downturns; and strategic investments in the Mortgage business.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily accurately indicate the times at which such performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors," set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our 2022 Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. Except as required by law, we do not intend, and we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

The results of operations discussed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are those of RE/MAX Holdings, Inc. ("Holdings") and its consolidated subsidiaries, including RMCO, LLC and its consolidated subsidiaries ("RMCO"), collectively, the "Company," "we," "our" or "us."

Business Overview

We are one of the world's leading franchisors in the real estate industry. We franchise real estate brokerages globally under the RE/MAX brand ("RE/MAX") and mortgage brokerages in the U.S. under the Motto Mortgage brand ("Motto"). We also sell ancillary products and services to our franchise networks, including loan processing services to our Motto network through our wemlo brand. RE/MAX and Motto are 100% franchised—we do not own any of the brokerages that operate under these brands. We focus on enabling our networks' success by providing powerful technology, quality education, and valuable marketing to build the strength of the RE/MAX and Motto brands. We support our franchisees in growing their brokerages, although they fund the associated cost of development. As a result, we maintain a relatively low fixed-cost structure which, combined with our primarily recurring fee-based models, enables us to capitalize on the economic benefits of the franchising model, yielding high margins and significant cash flow.

Financial and Operational Highlights – Three Months Ended June 30, 2023

(Compared to the three months ended June 30, 2022, unless otherwise noted)

- Total revenue of \$82.4 million, a decrease of 10.6% from the prior year.
- Revenue excluding the Marketing Funds ^(a) decreased 11.4% to \$61.4 million, driven by negative organic revenue growth^(b) of 10.5% and adverse foreign currency movements of 0.9%.
- Net income (loss) attributable to RE/MAX Holdings, Inc. of \$2.0 million, compared to \$5.8 million in the prior year.

[Table of Contents](#)

- Adjusted EBITDA of \$26.6 million and Adjusted EBITDA margin of 32.3% compared to Adjusted EBITDA of \$35.1 million and Adjusted EBITDA margin of 38.1% in the prior year.
 - Total agent count increased 0.4% to 144,510 agents.
 - U.S. and Canada combined agent count decreased 4.1% to 82,205 agents.
 - Total open Motto Mortgage offices increased 17.5% to 235 offices.
- (a) Revenue excluding the Marketing Funds is a non-GAAP measure of financial performance that differs from the U.S. generally accepted accounting principles ("U.S. GAAP"). Revenue excluding the Marketing Funds is calculated directly from our condensed consolidated financial statements as Total revenue less Marketing Funds fees.
- (b) We define organic revenue growth as revenue growth from continuing operations excluding Marketing Funds, revenue attributable to acquisitions, and foreign currency movements. We define revenue from acquisitions as the incremental revenue generated from the date of an acquisition to its first anniversary (excluding Marketing Funds revenue related to acquisitions where applicable).

Current market conditions, caused by rising interest rates and tight housing supply, present a challenging agent recruiting and retention environment, which has resulted in declines in U.S. agent count and Total revenue. However, during the quarter, RE/MAX agent count continued to increase in Canada and accelerated in our global regions. In the U.S., our agent count declined but at a slower pace than it did in the first quarter. While we believe we are seeing steady progress from the growth initiatives announced in July 2022 that are designed to improve our U.S. agent count, to date they have been unable to overcome the difficult industry conditions.

High interest rates have continued to impact affordability and depress housing supply resulting in fewer transactions and, by extension, lower Broker fees. Reductions in revenue generally reduce our Operating income and Adjusted EBITDA on an almost dollar-for-dollar basis, negatively affecting our margins, earnings, and cash flow. Our average revenue per agent on a trailing twelve-month basis in Company-Owned Regions in the U.S. and Canada was approximately \$2,600 and \$2,900 for the twelve-month periods ended June 30, 2023, and 2022, respectively, of which approximately \$700 and \$950 was attributable to Broker fees for the same periods, respectively. While we believe the collective health of our two networks remains solid, collections across both our Real Estate and Mortgage segments have also been adversely impacted by the current market conditions. As a result, bad debt expense increased \$1.7 million and \$3.1 million, respectively during the three and six month periods ended June 30, 2023, compared to the prior year. In our Mortgage segment, our wemlo loan processing volume increased, and our Motto franchise sales operation expanded but market conditions muted the pace of our franchise sales.

Selected Operating and Financial Highlights

The following tables summarize several key performance indicators and our results of operations.

	As of June 30,		2023 vs. 2022	
	2023	2022	#	%
Agent Count:				
U.S.				
Company-Owned Regions	50,011	53,415	(3,404)	(6.4)%
Independent Regions	6,976	7,410	(434)	(5.9)%
U.S. Total	56,987	60,825	(3,838)	(6.3)%
Canada				
Company-Owned Regions	20,354	20,098	256	1.3 %
Independent Regions	4,864	4,756	108	2.3 %
Canada Total	25,218	24,854	364	1.5 %
U.S. and Canada Total	82,205	85,679	(3,474)	(4.1)%
Outside U.S. and Canada				
Independent Regions	62,305	58,260	4,045	6.9 %
Outside U.S. and Canada Total	62,305	58,260	4,045	6.9 %
Total	144,510	143,939	571	0.4 %
RE/MAX open offices:				
U.S.	3,396	3,522	(126)	(3.6)%
Canada	967	1,019	(52)	(5.1)%
U.S. and Canada Total	4,363	4,541	(178)	(3.9)%
Outside U.S. and Canada	4,757	4,557	200	4.4 %
Total	9,120	9,098	22	0.2 %
Motto open offices ⁽¹⁾⁽²⁾ :	235	200	35	17.5 %
Six Months Ended June 30,				
	2023	2022	2023 vs. 2022	
			#	%
RE/MAX franchise sales:				
U.S.	93	80	13	16.3 %
Canada	20	22	(2)	(9.1)%
U.S. and Canada Total	113	102	11	10.8 %
Outside U.S. and Canada	324	259	65	25.1 %
Total	437	361	76	21.1 %
Motto franchise sales ⁽¹⁾ :	18	24	(6)	(25.0)%

(1) Excludes “virtual” offices and BranchiseSM offices.

(2) As of June 30, 2023 and 2022, there were 60 and 32 offices, respectively, that we are offering short-term financial relief and are temporarily either not being billed or having associated revenue recognized.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total revenue	\$ 82,447	\$ 92,172	\$ 167,848	\$ 183,176
Total selling, operating and administrative expenses	40,212	40,781	89,327	88,612
Operating income (loss)	13,150	16,909	20,061	24,511
Net income (loss)	3,244	10,275	2,565	13,220
Net income (loss) attributable to RE/MAX Holdings, Inc.	2,010	5,829	1,339	7,280
Adjusted EBITDA ⁽¹⁾	26,644	35,131	46,564	63,611
Adjusted EBITDA margin ⁽¹⁾	32.3 %	38.1 %	27.7 %	34.7 %

(1) See “—Non-GAAP Financial Measures” for further discussion of Adjusted EBITDA and Adjusted EBITDA margin and a reconciliation of the differences between Adjusted EBITDA and net income (loss), which is the most comparable

U.S. GAAP measure for operating performance. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of total revenue.

Results of Operations

Comparison of the Three Months Ended June 30, 2023 and 2022

Revenue

A summary of the components of our revenue is as follows (in thousands except percentages):

	Three Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Revenue:				
Continuing franchise fees	\$ 32,101	\$ 34,128	\$ (2,027)	(5.9)%
Annual dues	8,587	9,016	(429)	(4.8)%
Broker fees	14,321	19,317	(4,996)	(25.9)%
Marketing Funds fees	21,077	22,909	(1,832)	(8.0)%
Franchise sales and other revenue	6,361	6,802	(441)	(6.5)%
Total revenue	<u>\$ 82,447</u>	<u>\$ 92,172</u>	<u>\$ (9,725)</u>	<u>(10.6)%</u>

	Three Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Revenue excluding the Marketing Funds:				
Total revenue	\$ 82,447	\$ 92,172	\$ (9,725)	(10.6)%
Less: Marketing Funds fees	21,077	22,909	(1,832)	(8.0)%
Revenue excluding the Marketing Funds	<u>\$ 61,370</u>	<u>\$ 69,263</u>	<u>\$ (7,893)</u>	<u>(11.4)%</u>

RE/MAX Holdings generated revenue of \$82.4 million in the second quarter of 2023, a decrease of \$9.7 million, or 10.6%, compared to \$92.2 million in the same period in 2022. Revenue excluding the Marketing Funds was \$61.4 million in the second quarter of 2023, a decrease of \$7.9 million, or 11.4%, compared to \$69.3 million in the same period in 2022. This decrease was attributable to negative organic revenue growth of 10.5% and adverse foreign-currency movements of 0.9%. Organic growth decreased primarily due to a decrease in Broker fees and U.S. agent count, partially offset by Mortgage growth.

Continuing Franchise Fees

Revenue from Continuing franchise fees decreased primarily due to a decrease in U.S. agent count, fee concessions, and adverse foreign currency movements partially offset by Motto growth.

Broker Fees

Revenue from Broker fees decreased primarily due to lower average transactions per agent as compared to the prior year and a decrease in U.S. agent count.

Marketing Funds Fees and Marketing Funds Expenses

Revenue from Marketing Funds fees decreased primarily due to a decrease in U.S. agent count and fee concessions. We recognize an equal and offsetting amount of expenses to revenue such that there is no impact to our overall profitability.

Franchise Sales and Other Revenue

Franchise sales and other revenue decreased primarily due to the winddown of the Gadberry Group reporting unit as part of the strategic shift in the prior year.

Operating Expenses

A summary of the components of our operating expenses is as follows (in thousands, except percentages):

	Three Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Operating expenses:				
Selling, operating and administrative expenses	\$ 40,212	\$ 40,781	\$ 569	1.4 %
Marketing Funds expenses	21,077	22,909	1,832	8.0 %
Depreciation and amortization	8,008	9,113	1,105	12.1 %
Settlement and impairment charges	—	2,460	2,460	100.0 %
Total operating expenses	\$ 69,297	\$ 75,263	\$ 5,966	7.9 %
Percent of revenue	84.1 %	81.7 %		

Selling, operating and administrative expenses consist of personnel costs, professional fee expenses, lease costs and other expenses. Other expenses within Selling, operating and administrative expenses include certain marketing and production costs that are not paid by the Marketing Funds, including travel and entertainment costs, and costs associated with our annual conventions in the U.S. and other events, and technology services.

	Three Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Selling, operating and administrative expenses:				
Personnel	\$ 23,917	\$ 22,888	\$ (1,029)	(4.5)%
Professional fees	3,406	4,271	865	20.3 %
Lease costs	1,980	1,942	(38)	(2.0)%
Other	10,909	11,680	771	6.6 %
Total selling, operating and administrative expenses	\$ 40,212	\$ 40,781	\$ 569	1.4 %
Percent of revenue	48.8 %	44.2 %		

Total Selling, operating and administrative expenses decreased as follows:

- Personnel costs increased primarily due to increased average compensation and benefits, partially offset by decreases in average headcount.
- Professional fees decreased primarily due to lower legal expenses. The timing and extent of legal expenses to be incurred throughout the remainder of 2023 depends upon when a trial occurs in the ongoing antitrust litigation. See section titled “Legal Proceedings,” set forth in Part II, Item 1 of this Quarterly Report on Form 10-Q.
- Other selling, operating and administrative expenses decreased slightly as changes in the fair value of the contingent consideration liabilities recognized in the prior year were mostly offset by increases in bad debt expense and agent and broker events expenses in the current year.

Depreciation and Amortization

Depreciation and amortization expense decreased primarily due lower Franchise agreements amortization expense from independent region acquisitions in prior years and due to the acceleration of amortization of technology in the prior year.

Settlement and Impairment Charges

See the discussion of the Results of operations for the six months ended June 30, 2023 and 2022 for a discussion of the settlement and impairment charges.

Other Expenses, Net

A summary of the components of our Other expenses, net is as follows (in thousands, except percentages):

	Three Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Other expenses, net:				
Interest expense	\$ (8,840)	\$ (4,032)	\$ (4,808)	(119.2)%
Interest income	1,141	159	982	n/m
Foreign currency transaction gains (losses)	215	(160)	375	n/m
Total other expenses, net	<u>\$ (7,484)</u>	<u>\$ (4,033)</u>	<u>\$ (3,451)</u>	<u>(85.6)%</u>
Percent of revenue	<u>9.1 %</u>	<u>4.4 %</u>		

n/m - not meaningful

Other expenses, net increased primarily due to an increase in interest expense because of rising interest rates. See Note 7, *Debt* for more information. Foreign currency transaction gains (losses) are primarily the result of transactions denominated in the Canadian Dollar.

Provision for Income Taxes

Our effective income tax rate increased to 42.7% from 20.2% for the three months ended June 30, 2023 and 2022, respectively. The reduction in Income (loss) before provision for income taxes, primarily in the U.S., means that permanent tax differences, such as certain foreign tax items that do not change in direct proportion to taxable income derived in the U.S., have a larger numerical impact on our effective tax rate. Our effective income tax rate depends on many factors, including a rate benefit attributable to the fact that the portion of RMCO's earnings attributable to the non-controlling interests are not subject to corporate-level taxes because RMCO is classified as a partnership for U.S. federal income tax purposes and therefore is treated as a "flow-through entity," as well as annual changes in state tax rates and foreign income tax expense. See Note 3, *Non-controlling Interest* to the accompanying unaudited condensed consolidated financial statements for further details on the allocation of income taxes between Holdings and the non-controlling interest and see Note 9, *Income Taxes* for additional information.

Adjusted EBITDA

See "—Non-GAAP Financial Measures" for our definition of Adjusted EBITDA and for further discussion of our presentation of Adjusted EBITDA as well as a reconciliation of Adjusted EBITDA to net income (loss), which is the most comparable GAAP measure for operating performance.

Adjusted EBITDA was \$26.6 million for the three months ended June 30, 2023, a decrease of \$8.5 million from the comparable prior year period. Adjusted EBITDA decreased due to lower revenue resulting primarily from a decrease in Broker fees and U.S. agent count, as well as an increase in bad debt expense.

Comparison of the Six Months Ended June 30, 2023 and 2022

Revenue

A summary of the components of our revenue is as follows (in thousands except percentages):

	Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Revenue:				
Continuing franchise fees	\$ 64,177	\$ 67,627	\$ (3,450)	(5.1)%
Annual dues	17,205	17,936	(731)	(4.1)%
Broker fees	25,213	34,402	(9,189)	(26.7)%
Marketing Funds fees	42,419	45,760	(3,341)	(7.3)%
Franchise sales and other revenue	18,834	17,451	1,383	7.9 %
Total revenue	<u>\$ 167,848</u>	<u>\$ 183,176</u>	<u>\$ (15,328)</u>	<u>(8.4)%</u>

	Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Revenue excluding the Marketing Funds:				
Total revenue	\$ 167,848	\$ 183,176	\$ (15,328)	(8.4)%
Less: Marketing Funds fees	42,419	45,760	(3,341)	(7.3)%
Revenue excluding the Marketing Funds	<u>\$ 125,429</u>	<u>\$ 137,416</u>	<u>\$ (11,987)</u>	<u>(8.7)%</u>

RE/MAX Holdings generated revenue of \$167.8 million, a decrease of \$15.3 million, or 8.4%, compared to \$183.2 million in the same period in 2022. Revenue excluding the Marketing Funds was \$125.4 million, a decrease of \$12.0 million, or 8.7%, compared to \$137.4 million in the same period in 2022. This decrease was attributable to negative organic revenue growth of 7.7% and adverse foreign-currency movements of 1.0%. Organic growth decreased primarily due to a decrease in Broker fees and U.S. agent count, partially offset by an increase in revenue from our annual RE/MAX agent convention and Motto growth.

Continuing Franchise Fees

Revenue from Continuing franchise fees decreased primarily due to a decrease in U.S. agent count, fee concessions and adverse foreign currency movements, partially offset by Motto growth.

Broker Fees

Revenue from Broker fees decreased primarily due to lower average transactions per agent as compared to the prior year and a decrease in U.S. agent count.

Marketing Funds Fees and Marketing Funds Expenses

Revenue from Marketing Funds fees decreased primarily due to a decrease in U.S. agent count and fee concessions. We recognize an equal and offsetting amount of expenses to revenue such that there is no impact to our overall profitability.

Franchise Sales and Other Revenue

Franchise sales and other revenue increased primarily due to an increase in revenue from our annual RE/MAX agent convention, partially offset by a decrease due to the winddown of the Gadberry Group reporting unit as part of the strategic shift in the prior year.

Operating Expenses

A summary of the components of our operating expenses is as follows (in thousands, except percentages):

	Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Operating expenses:				
Selling, operating and administrative expenses	\$ 89,327	\$ 88,612	\$ (715)	(0.8)%
Marketing Funds expenses	42,419	45,760	3,341	7.3 %
Depreciation and amortization	16,041	18,098	2,057	11.4 %
Settlement and impairment charges	—	6,195	6,195	100.0 %
Total operating expenses	<u>\$ 147,787</u>	<u>\$ 158,665</u>	<u>\$ 10,878</u>	<u>6.9 %</u>
Percent of revenue	<u>88.0 %</u>	<u>86.6 %</u>		

Selling, operating and administrative expenses consist of personnel costs, professional fee expenses, lease costs and other expenses. Other expenses within Selling, operating and administrative expenses include certain marketing and production costs that are not paid by the Marketing Funds, including travel and entertainment costs, and costs associated with our annual conventions in the U.S. and other events and technology services.

	Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Selling, operating and administrative expenses:				
Personnel	\$ 48,936	\$ 49,598	\$ 662	1.3 %
Professional fees	6,786	9,059	2,273	25.1 %
Lease costs	3,954	4,270	316	7.4 %
Other	29,651	25,685	(3,966)	(15.4)%
Total selling, operating and administrative expenses	\$ 89,327	\$ 88,612	\$ (715)	(0.8)%
Percent of revenue	53.2 %	48.4 %		

Total Selling, operating and administrative expenses increased as follows:

- Personnel costs decreased due to decreases in average headcount, lower equity-based compensation expense and lower personnel costs associated with acquiring and integrating new companies, partially offset by increased average compensation and benefits.
- Professional fees decreased primarily due to lower legal expenses. See section titled “Legal Proceedings,” set forth in Part II, Item 1 of this Quarterly Report on Form 10-Q.
- Other selling, operating and administrative expenses increased primarily due to an increase in expenses from our annual RE/MAX agent convention and an increase in bad debt expense, partially offset by changes in the fair value of the contingent consideration liabilities recognized in the prior year.

Depreciation and Amortization

Depreciation and amortization expense decreased primarily due the acceleration of amortization of technology in the prior year and lower Franchise agreements amortization expense from independent region acquisitions in prior years.

Settlement and Impairment Charges

Impairment Charge – Leased Assets

During the first quarter of 2022, we subleased a portion of our corporate headquarters. As a result, we performed impairment tests on the portions subleased and recognized an impairment charge of \$3.7 million. See Note 2, *Summary of Significant Accounting Policies* for additional information about our leases.

Loss on lease termination

During the second quarter of 2022, we terminated our booj office lease, which is owned by an entity controlled by our former employees. As a result, we wrote off a right of use (“ROU”) asset of \$2.7 million and derecognized \$1.5 million of lease liability associated with the terminated lease. We also recognized a loss on termination of \$2.5 million, of which included a lease termination payment of \$1.3 million. See Note 2, *Summary of Significant Accounting Policies* for additional information about our leases.

Other Expenses, Net

A summary of the components of our Other expenses, net is as follows (in thousands, except percentages):

	Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2023	2022	\$	%
Other expenses, net:				
Interest expense	\$ (17,085)	\$ (7,683)	\$ (9,402)	(122.4)%
Interest income	2,145	178	1,967	n/m
Foreign currency transaction gains (losses)	258	20	238	n/m
Total other expenses, net	\$ (14,682)	\$ (7,485)	\$ (7,197)	(96.2)%
Percent of revenue	8.7 %	4.1 %		

n/m - not meaningful

Other expenses, net increased primarily due to an increase in interest expense because of rising interest rates. See Note 7, *Debt* for more information. Foreign currency transaction gains (losses) are primarily the result of transactions denominated in the Canadian Dollar.

Provision for Income Taxes

Our effective income tax rate increased to 52.3% from 22.4% for the six months ended June 30, 2023 and 2022, respectively. The reduction in Income (loss) before provision for income taxes, primarily in the U.S., means that permanent tax differences, such as certain foreign tax and equity-based compensation items that do not change in direct proportion to taxable income derived in the U.S., have a larger numerical impact on our effective tax rate. Our effective income tax rate depends on many factors, including a rate benefit attributable to the fact that the portion of RMCO's earnings attributable to the non-controlling interests are not subject to corporate-level taxes because RMCO is classified as a partnership for U.S. federal income tax purposes and therefore is treated as a "flow-through entity," as well as annual changes in state tax rates and foreign income tax expense. See Note 3, *Non-controlling Interest* to the accompanying unaudited condensed consolidated financial statements for further details on the allocation of income taxes between Holdings and the non-controlling interest and see Note 9, *Income Taxes* for additional information.

Adjusted EBITDA

See "—Non-GAAP Financial Measures" for our definition of Adjusted EBITDA and for further discussion of our presentation of Adjusted EBITDA as well as a reconciliation of Adjusted EBITDA to net income (loss), which is the most comparable GAAP measure for operating performance.

Adjusted EBITDA was \$46.6 million for the six months ended June 30, 2023, a decrease of \$17.0 million from the comparable prior year period. Adjusted EBITDA decreased due to lower revenue resulting primarily from a decrease in Broker fees and U.S. agent count, as well as an increase in bad debt expense and the net impact of our annual RE/MAX agent convention.

Non-GAAP Financial Measures

The Securities and Exchange Commission ("SEC") has adopted rules to regulate the use in filings with the SEC and in public disclosures of financial measures that are not in accordance with U.S. GAAP, such as Revenue excluding the Marketing Funds and Adjusted EBITDA and the ratios related thereto. These measures are derived on the basis of methodologies other than in accordance with U.S. GAAP.

Revenue excluding the Marketing Funds is a non-GAAP measure of financial performance that differs from U.S. GAAP and we believe that exclusion of the Marketing Funds is a useful supplemental measure as we recognize an equal and offsetting amount of expenses to revenue such that there is no impact to our overall profitability. Revenue excluding the Marketing Funds is calculated directly from our condensed consolidated financial statements as Total revenue less Marketing Funds fees.

We define Adjusted EBITDA as EBITDA (consolidated net income (loss) before depreciation and amortization, interest expense, interest income and the provision for income taxes, each of which is presented in our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), adjusted for the impact of the following items that are either non-cash or that we do not consider representative of our ongoing operating performance: gain or loss on sale or disposition of assets, settlement and impairment charges, equity-based compensation expense, acquisition-related expense, gains or losses from changes in the tax receivable agreement liability, expense or income related to changes in the fair value measurement of contingent consideration, restructuring charges and other non-recurring items.

As Adjusted EBITDA omits certain non-cash items and other non-recurring cash charges or other items, we believe that it is less susceptible to variances that affect our operating performance resulting from depreciation, amortization and other non-cash and non-recurring cash charges or other items. We present Adjusted EBITDA, and the related Adjusted EBITDA margin, because we believe they are useful as supplemental measures in evaluating the performance of our operating businesses and provide greater transparency into our results of operations. Our management uses Adjusted EBITDA and Adjusted EBITDA margin as factors in evaluating the performance of our business.

Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools, and you should not consider these measures either in isolation or as a substitute for analyzing our results as reported under U.S. GAAP. Some of these

limitations are:

- these measures do not reflect changes in, or cash requirements for, our working capital needs;
- these measures do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- these measures do not reflect our income tax expense or the cash requirements to pay our taxes;
- these measures do not reflect the cash requirements to pay dividends to stockholders of our Class A common stock and tax and other cash distributions to our non-controlling unitholders;
- these measures do not reflect the cash requirements pursuant to the Tax Receivable Agreements ("TRAs");
- these measures do not reflect the cash requirements for share repurchases;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often require replacement in the future, and these measures do not reflect any cash requirements for such replacements;
- although equity-based compensation is a non-cash charge, the issuance of equity-based awards may have a dilutive impact on earnings per share; and
- other companies may calculate these measures differently, so similarly named measures may not be comparable.

A reconciliation of Adjusted EBITDA to net income (loss) is set forth in the following table (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 3,244	\$ 10,275	\$ 2,565	\$ 13,220
Depreciation and amortization	8,008	9,113	16,041	18,098
Interest expense	8,840	4,032	17,085	7,683
Interest income	(1,141)	(159)	(2,145)	(178)
Provision for income taxes	2,422	2,601	2,814	3,806
EBITDA	21,373	25,862	36,360	42,629
Impairment charge - leased assets ⁽¹⁾	—	—	—	3,735
Loss on lease termination ⁽²⁾	—	2,460	—	2,460
Equity-based compensation expense	4,708	4,535	9,159	10,172
Acquisition-related expense ⁽³⁾	64	328	101	1,585
Fair value adjustments to contingent consideration ⁽⁴⁾	(95)	1,710	(99)	1,995
Restructuring charges	(72)	—	(33)	—
Other	666	236	1,076	1,035
Adjusted EBITDA	\$ 26,644	\$ 35,131	\$ 46,564	\$ 63,611

- (1) Represents the impairment recognized on a portion of the Company's corporate headquarters office building in the prior year. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (2) During the second quarter of 2022, a loss was recognized in connection with the termination of the booj office lease. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (3) Acquisition-related expense includes personnel, legal, accounting, advisory and consulting fees incurred in connection with acquisition activities and integration of acquired companies.
- (4) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liabilities. See Note 8, *Fair Value Measurements* to the accompanying unaudited condensed consolidated financial statements for additional information.

Liquidity and Capital Resources

Overview of Factors Affecting Our Liquidity

Our liquidity position is affected by the growth of our agent and franchise base and conditions in the real estate market. In this regard, our short-term liquidity position from time to time has been, and will continue to be, affected by several factors including agents in the RE/MAX network, particularly in Company-Owned Regions. Our cash flows are primarily related to the timing of:

- (i) cash receipt of revenues;
- (ii) payment of selling, operating and administrative expenses;
- (iii) net investments in our Mortgage segment;
- (iv) cash consideration for acquisitions and acquisition-related expenses;
- (v) principal payments and related interest payments on our Senior Secured Credit Facility;
- (vi) dividend payments to stockholders of our Class A common stock;
- (vii) distributions and other payments to non-controlling unitholders pursuant to the terms of RMCO's limited liability company operating agreement ("the RMCO, LLC Agreement");
- (viii) corporate tax payments paid by the Company;
- (ix) payments to the TRA parties pursuant to the TRAs; and
- (x) share repurchases.

We have satisfied these needs primarily through our existing cash balances, cash generated by our operations and funds available under our Senior Secured Credit Facility. We may pursue other sources of capital that may include other forms of external financing, such as additional financing in the public capital markets, in order to increase our cash position and preserve financial flexibility as needs arise.

Financing Resources

RMCO and RE/MAX, LLC, a wholly owned subsidiary of RMCO, have a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and various lenders party thereto (the "Senior Secured Credit Facility"). On July 21, 2021, we amended and restated our Senior Secured Credit Facility to refinance our existing facility. The revised facility provides for a seven-year \$460.0 million term loan facility and a five-year \$50.0 million revolving loan facility. The revised facility also provides for incremental facilities under which RE/MAX, LLC may request to add one or more tranches of term facilities or increase any then existing credit facility in the aggregate principal amount of up to \$100 million (or a higher amount subject to the terms and conditions of the Senior Secured Credit Facility), subject to lender participation.

The Senior Secured Credit Facility requires us to repay term loans at \$1.2 million per quarter. We are also required to repay the term loans and reduce revolving commitments with (i) 100% of proceeds of any incurrence of additional debt not permitted by the Senior Secured Credit Facility, (ii) 100% of proceeds of asset sales and 100% of amounts recovered under insurance policies, subject to certain exceptions and a reinvestment right and (iii) 50% of Excess Cash Flow (or "ECF" as defined in the Senior Secured Credit Facility) at the end of the applicable fiscal year if RE/MAX, LLC's Total Leverage Ratio (or "TLR" as defined in the Senior Secured Credit Facility) is in excess of 4.25:1. If the TLR as of the last day of such fiscal year is equal to or less than 4.25:1 but above 3.75:1, the repayment percentage is 25% of ECF and if the TLR as of the last day of such fiscal year is less than 3.75:1, no repayment from ECF is required. In addition, the Company is limited in the amount of restricted payments it can make as defined in the Senior Secured Credit Facility. These restricted payments include declaration or payment of dividends, repurchase of shares, or other distributions. In general, the Company can make unlimited restricted payments, so long as the TLR is below 3.50:1 (both before and after giving effect to such payments). As of June 30, 2023, our TLR was 3.20:1, as such no ECF payment was required, and the limits on restricted payments were not applicable.

The Senior Secured Credit Facility is guaranteed by RMCO and is secured by a lien on substantially all of the assets of RE/MAX, LLC and other operating companies.

[Table of Contents](#)

The Senior Secured Credit Facility provides for customary restrictions on, among other things, additional indebtedness, liens, dispositions of property, dividends, transactions with affiliates and fundamental changes such as mergers, consolidations and liquidations. With certain exceptions, any default under any of our other agreements evidencing indebtedness in the amount of \$15.0 million or more constitutes an event of default under the Senior Secured Credit Facility.

Borrowings under the term loans and revolving loans accrue interest, at our option on (a) LIBOR, provided LIBOR shall be no less than 0.50% plus an applicable margin of 2.50% and, provided further that such rate shall be adjusted for reserve requirements for eurocurrency liabilities, if any (the "LIBOR Rate") or (b) the greatest of (i) the prime rate as quoted by the Wall Street Journal, (ii) the NYFRB Rate (as defined in the Senior Secured Credit Facility) plus 0.50% and (iii) the one-month Eurodollar Rate plus 1.00%, (such greatest rate, the "ABR") plus, in each case, an applicable margin of 1.50%. The Senior Secured Credit Facility includes a provision for transition from LIBOR to the alternative reference rate of Term Secured Overnight Financing Rate ("SOFR") on or before June 2023 (the LIBOR Rate cessation date) and we will transition to Adjusted Term SOFR on July 31, 2023. As of June 30, 2023, the interest rate on the term loan facility was 7.8%.

If amounts are drawn under the revolving line of credit, the Senior Secured Credit Facility requires compliance with a leverage ratio (calculated as net debt to EBITDA as defined therein). A commitment fee of 0.5% per annum (subject to reductions) accrues on the amount of unutilized revolving line of credit.

As of June 30, 2023, we had \$450.8 million of term loans outstanding, net of an unamortized discount and issuance costs, and no revolving loans outstanding under our Senior Secured Credit Facility.

Sources and Uses of Cash

As of June 30, 2023 and December 31, 2022, we had \$96.8 million and \$108.7 million, respectively, of cash and cash equivalents, of which approximately \$27.0 million and \$23.5 million, respectively, were denominated in foreign currencies.

The following table summarizes our cash flows from operating, investing, and financing activities (in thousands):

	Six Months Ended June 30,	
	2023	2022
Cash provided by (used in):		
Operating activities	\$ 2,242	\$ 38,919
Investing activities	(2,397)	(6,144)
Financing activities	(24,198)	(36,919)
Effect of exchange rate changes on cash	661	(446)
Net change in cash, cash equivalents and restricted cash	<u>\$ (23,692)</u>	<u>\$ (4,590)</u>

Operating Activities

Cash provided by operating activities decreased primarily as a result of:

- a decrease in Adjusted EBITDA of \$17.0 million;
- a decrease due to higher spend in the Marketing Funds resulting in higher net use of restricted cash in the current year;
- a decrease due to higher interest payments of \$9.5 million, due to higher interest rates in the current year;
- an increase due to lower costs associated with acquiring and integrating new companies; and
- timing differences on various operating assets and liabilities.

Investing Activities

During the six months ended June 30, 2023 the change in cash used in investing activities was primarily the result of lower capitalizable investments in technology as compared to the prior year and no spend on our corporate headquarters refresh in the current year.

Financing Activities

During the six months ended June 30, 2023, the change in cash used in financing activities was primarily due to lower allocation of capital to our share repurchase program and lower tax withholding payments for share-based compensation.

Capital Allocation Priorities

Liquidity

Our objective is to maintain a strong liquidity position. We have existing cash balances, cash flows from operating activities, access to our revolving facility and incremental facilities under our Senior Secured Credit Facility available to support the needs of our business. As needs arise, we may seek additional financing in the public capital markets.

Acquisitions

As part of our growth strategy, we may pursue acquisitions of Independent Regions in the U.S. and Canada as well as additional acquisitions or investments in complementary businesses, services and technologies that would provide access to new markets, revenue streams, or otherwise complement our existing operations. We may fund any such growth with various sources of capital including existing cash balances and cash flow from operations, as well as proceeds from debt financings including under existing credit facilities or new arrangements raised in the public capital markets.

Capital Expenditures

The total aggregate amount for purchases of property and equipment and capitalization of developed software was \$2.8 million and \$6.1 million for the six months ended June 30, 2023 and 2022, respectively. These amounts primarily relate to spend on investments in technology. We plan to continue to re-invest in our business in order to improve operational efficiencies and enhance the tools and services provided to the affiliates in our networks. Total capital expenditures for 2023 are expected to be between \$7.0 million and \$10.0 million. See Financial and Operational Highlights above for additional information.

Return of Capital

Our Board of Directors approved quarterly cash dividends of \$0.23 per share on all outstanding shares of Class A common stock during the first quarter of 2023 and 2022, respectively, as disclosed in Note 4, *Earnings Per Share and Dividends*. On August 1, 2023, we announced that our Board of Directors approved a quarterly dividend of \$0.23 per share on all outstanding shares of Class A common stock, which is payable on August 29, 2023 to stockholders of record at the close of business on August 15, 2023.

During the first quarter of 2022, our Board of Directors authorized a common stock repurchase program of up to \$100 million. The share repurchase program does not obligate the Company to purchase any amount of common stock and does not have an expiration date. During the six months ended June 30, 2023, 160,405 shares of our Class A common stock were repurchased and retired for \$3.4 million, excluding commissions, at an average cost of \$21.24 per share. As of June 30, 2023, \$62.5 million remained available under the share repurchase authorization.

Future capital allocation decisions with respect to return of capital either in the form of additional future dividends, and if declared, the amount of any such future dividend, or in the form of share buybacks, will be subject to our actual future earnings and capital requirements and any amounts authorized will be at the discretion of our Board of Directors.

Distributions and Other Payments to Non-controlling Unitholders by RMCO

Distributions and other payments pursuant to the RMCO, LLC Agreement and TRAs were comprised of the following (in thousands):

	Six Months Ended June 30,	
	2023	2022
Distributions and other payments pursuant to the RMCO, LLC Agreement:		
Pro rata distributions to RIHI as a result of distributions to RE/MAX Holdings in order to satisfy its estimated tax liabilities	\$ —	\$ 1,645
Dividend distributions	5,778	5,778
Total distributions to RIHI	5,778	7,423
Payments pursuant to the TRAs		
Total distributions to RIHI and TRA payments	\$ 5,778	\$ 7,423

Commitments and Contingencies

See Note 11, *Commitments and Contingencies* to the accompanying unaudited condensed consolidated financial statements for additional information.

Off Balance Sheet Arrangements

We have no material off balance sheet arrangements as of June 30, 2023.

Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Our Critical Accounting Judgments and Estimates disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Judgments and Estimates" in our 2022 Annual Report on Form 10-K for which there were no material changes, included:

- Mortgage Goodwill
- Purchase Accounting for Acquisitions
- Deferred Tax Assets and TRA Liability

New Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies* to the accompanying unaudited condensed consolidated financial statements for additional information.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

We have operations within the U.S., Canada, and globally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange and credit risks, as well as risks relating to changes in the general economic conditions in the countries where we conduct business. We use derivative instruments to mitigate the impact of certain of our market risk exposures. We do not use derivatives for trading or speculative purposes.

Credit Risk

We are exposed to credit risk related to receivables from franchisees. We perform quarterly reviews of credit exposure above an established threshold for each franchisee and are in regular communication with those franchisees about their balance. For significant delinquencies, we will terminate the franchise. For the six months ended June 30, 2023 and 2022 bad debt expense was 2.1% and 0.2% of revenue, respectively.

Interest Rate Risk

We are subject to interest rate risk in connection with borrowings under our Senior Secured Credit Facility which bear interest at variable rates. On June 30, 2023, \$450.8 million in term loans were outstanding under our Senior Secured Credit Facility. We currently do not engage in any interest rate hedging activity, but given our variable rate borrowings, we monitor interest rates and if appropriate, may engage in hedging activity prospectively. As of June 30, 2023, the interest rate on our Senior Secured Credit Facility was based on LIBOR, subject to a floor of 0.50%, plus an applicable margin of 2.50%. In the third quarter of 2023, due to the cessation of LIBOR, we will transition to Adjusted Term SOFR. Borrowings under the term loans and revolving loans will accrue interest based on Adjusted Term SOFR, beginning on July 31, 2023, subject to the same floor of 0.50%, plus the same applicable margin of 2.50%.

As of June 30, 2023, the interest rate was 7.8%. If our rate is above the floor, then each hypothetical 0.25% increase would result in additional annual interest expense of \$1.1 million. To mitigate a portion of this risk, we invest our cash balances in short-term investments that earn interest at variable rates.

Currency Risk

We have a network of global franchisees in over 110 countries and territories. Fluctuations in exchange rates of the U.S. dollar against foreign currencies can result, and have resulted, in fluctuations in (a) revenue and operating income (loss) due to a portion of our revenue being denominated in foreign currencies and (b) foreign exchange transaction gains and losses due primarily to cash, accounts receivable and liability balances denominated in foreign currencies, with the Canadian dollar representing the most significant exposure. To mitigate a portion of this risk related to (b), we enter into short-term foreign currency forwards, to minimize exposures related to foreign currency. See Note 2, *Summary of Significant Accounting Policies*, for more information. In addition, we actively convert cash balances into U.S. dollars to mitigate currency risk on cash positions.

During the three and six months ended June 30, 2023, a hypothetical 5% strengthening/weakening in the value of the U.S. dollar compared to the Canadian dollar would have resulted in a decrease/increase to operating income (loss) of approximately \$0.4 million and \$0.8 million, respectively, related to currency risk (a) above.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that as of June 30, 2023 our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation, claims and other proceedings relating to the conduct of our business, and the disclosures set forth in Note 11, *Commitments and Contingencies* relating to certain legal matters is incorporated herein by reference. Such litigation and other proceedings may include, but are not limited to, actions relating to

intellectual property, commercial arrangements, franchising arrangements, brokerage disputes, vicarious liability based upon conduct of individuals or entities outside of our control including franchisees and independent agents, and employment law claims. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. Often these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant time and resources from management. Although we do not believe any currently pending litigation will have a material adverse effect on our business, financial condition or operations, there are inherent uncertainties in litigation and other claims and regulatory proceedings and such pending matters could result in unexpected expenses and liabilities and might materially adversely affect our business, financial condition or operations, including our reputation.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, please see “Risk Factors” in our 2022 Annual Report on Form 10-K. There have been no material changes to the risk factors as disclosed in our 2022 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth stock repurchases of our Class A common stock for the three months ended June 30, 2023:

Period	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs ^(a)	Average Price Paid Per Share	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
April 1-30	—	\$ —	\$ 62,491,567
May 1-31	—	\$ —	\$ 62,491,567
June 1-30	—	\$ —	\$ 62,491,567
Total	—		

In January 2022, our Board of Directors authorized a common stock repurchase program of up to \$100 million. There was no repurchase activity during the three months ended June 30, 2023. As of June 30, 2023, \$62.5 million remains under the program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

[Table of Contents](#)

Item 6. Exhibits

Exhibit No.	Exhibit Description	Form	File Number	Date of First Filing	Exhibit Number	Filed Herewith
2.1	Stock Purchase Agreement, dated June 3, 2021, by and among A La Carte U.S., LLC, A La Carte Investments Canada, Inc., RE/MAX, LLC, Brodero Holdings, Inc., and Fire-Ball Holdings Corporation, Ltd.	8-K	001-36101	6/3/2021	2.1	
3.1	Amended and Restated Certificate of Incorporation	10-Q	001-36101	11/14/2013	3.1	
3.2	Amended and Restated Bylaws of RE/MAX Holdings, Inc.	8-K	001-36101	2/22/2018	3.1	
3.3	Amendment No. 1 to Amended and Restated Bylaws of RE/MAX Holdings, Inc.	8-K	001-36101	5/31/2023	3.1	
4.1	Form of RE/MAX Holdings, Inc.'s Class A common stock certificate.	S-1	333-190699	9/27/2013	4.1	
4.2	RE/MAX Holdings, Inc. 2023 Omnibus Incentive Plan and related documents.	S-8	333-190699	5/26/2023	4.4	
10.1	Form of Time-Based Restricted Stock Unit Award	10-Q	001-36101	5/4/2023	10.1	
10.2	Form of Performance-Based Restricted Stock Unit Award	10-Q	001-36101	5/4/2023	10.2	
10.3	RE/MAX Holdings, Inc. Deferred Compensation Plan†					X
10.4	Change in Control Severance Plan†	8-K	001-36101	5/31/2023	10.1	
10.5	Severance and Retirement Plan†	8-K	001-36101	5/31/2023	10.2	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.					X
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Date of First Filing</u>	<u>Exhibit Number</u>	<u>Filed Herewith</u>
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File – The cover page XBRL tags are embedded within the Inline XBRL document.					X

† Indicates a 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.

RE/MAX Holdings, Inc.
(Registrant)

Date: August 2, 2023

By: /s/ Stephen P. Joyce
Stephen P. Joyce
Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

By: /s/ Karri R. Callahan
Karri R. Callahan
Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2023

By: /s/ Adam W. Grosshans
Adam W. Grosshans
Chief Accounting Officer
(Principal Accounting Officer)

RE/MAX HOLDINGS
DEFERRED COMPENSATION PLAN

Effective Date
May 1, 2023

RE/MAX Holdings Deferred Compensation Plan

ARTICLE I	
Establishment and Purpose	1
ARTICLE II	
Definitions	1
ARTICLE III	
Eligibility and Participation	7
ARTICLE IV	
Deferrals	7
ARTICLE V	
Company Contributions	10
ARTICLE VI	
Payments from Accounts	12
ARTICLE VII	
Valuation of Account Balances; Investments	16
ARTICLE VIII	
Administration	17
ARTICLE IX	
Amendment and Termination	19
ARTICLE X	
Informal Funding	19
ARTICLE XI	
Claims	20
ARTICLE XII	
General Provisions	26

RE/MAX Holdings Deferred Compensation Plan

ARTICLE I

Establishment and Purpose

RE/MAX Holdings, Inc. (the “Company”) has adopted this RE/MAX Holdings Deferred Compensation Plan, applicable to Compensation deferred under Compensation Deferral Agreements submitted on and after the Effective Date and Company Contributions credited on or after the Effective Date.

The purpose of the Plan is to attract and retain key employees and non-employee members of the Board of Directors by providing them with an opportunity to defer receipt of a portion of their salary, bonus, restricted stock unit awards and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a) but is intended to meet the requirements of Code Section 409A and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Participating Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits attributable to services performed for it. The Plan is unfunded for Federal tax purposes and, with respect to Employees, is intended to be an unfunded arrangement for members of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company or a Participating Employer, as applicable, will remain the general assets of the Company or the Participating Employer, as applicable, and shall remain subject to the claims of the Company’s or the Participating Employer’s creditors until such amounts are distributed to the Participants.

ARTICLE II

Definitions

- 2.1 Account. Account means a bookkeeping account maintained by the Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Plan. The Committee may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Subaccounts may be maintained for the purpose of tracking amount subject to different vesting schedules. Reference to an Account means any such Account established by the Committee, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.
- 2.2 Account Balance. Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.
- 2.3 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

RE/MAX Holdings Deferred Compensation Plan

- 2.4 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant in accordance with Section 6.4 hereof to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan.
- 2.5 Board of Directors. Board of Directors means, for a Participating Employer organized as a corporation, its board of directors and for a Participating Employer organized as a limited liability company, its board of managers.
- 2.6 Business Day. Business Day means each day on which the New York Stock Exchange is open for business.
- 2.7 Change in Control. Change in Control means, with respect to a Participating Employer that is organized as a corporation, any of the following events: (i) a change in the ownership of the Participating Employer, (ii) a change in the effective control of the Participating Employer, or (iii) a change in the ownership of a substantial portion of the assets of the Participating Employer.

Change in Ownership. For purposes of this Section, a change in the ownership of the Participating Employer occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Participating Employer. The acquisition by a person or group owning more than 50% of the total fair market value or total voting power of the stock of such Participating Employer of additional shares of such Participating Employer shall not constitute a “change of the ownership” of such Participating Employer.

Change in Effective Control. A change in the effective control of the Participating Employer occurs on the date on which either: (i) a person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer possessing 30% or more of the total voting power of the stock of the Participating Employer, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, provided that the acquisition by a person or group owning more than 30% of the total fair market value or total voting power of the stock of such Participating Employer of additional shares of such Participating Employer shall not constitute a “change of effective control” of such Participating Employer, or (ii) a majority of the members of the Participating Employer’s Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Participating Employer.

Change in Ownership of Substantial Portion of Assets. A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Participating Employer, acquires assets from the Participating Employer that have a total

RE/MAX Holdings Deferred Compensation Plan

gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Participating Employer immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition. A transfer of assets shall not be treated as a “change in the ownership of a substantial portion of the assets” when such transfer is made to an entity that is controlled by the shareholders of the transferor corporation as determined under Treas. Reg. section 1.409A-3(i)(5)(vii)(B).

An event constitutes a Change in Control with respect to a Participant only if the Participant performs services for the Participating Employer that has experienced the Change in Control, or the Participant’s relationship to the affected Participating Employer otherwise satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(ii).

Notwithstanding anything to the contrary herein, with respect to a Participating Employer that is a partnership or limited liability company, Change in Control means only a change in the ownership of such entity or a change in the ownership of a substantial portion of the assets of such entity, and the provisions set forth above respecting such changes relative to a corporation shall be applied by analogy. Any reference to a “majority shareholder” shall be treated as referring to a partner or member that (a) owns more than 50% of the capital and profits interest of such entity, and (b) alone or together with others is vested with the continuing exclusive authority to make management decisions necessary to conduct the business for which the partnership or limited liability company was formed.

- 2.8 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XI of this Plan.
- 2.9 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.
- 2.10 Code Section 409A. Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.
- 2.11 Committee. Committee means the Company or a committee appointed by the Company to administer the Plan.
- 2.12 Company. Company means RE/MAX Holdings, Inc.
- 2.13 Company Contribution. Company Contribution means a credit by a Participating Employer to a Participant’s Account(s) in accordance with the provisions of Article V of the Plan. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contribution.
- 2.14 Compensation. Compensation means a Participant’s salary, bonus, commission and such other cash compensation approved by the Committee as Compensation that may be deferred under Section 4.2 of this Plan. With respect to non-employee members of the

RE/MAX Holdings Deferred Compensation Plan

Board of Directors, Compensation includes all directors' fees and retainers. Compensation may include awards of restricted stock units and performance stock units. Compensation excludes any compensation that has been previously deferred under this Plan or any other arrangement subject to Code Section 409A and excluding any compensation that is not U.S. source income.

- 2.15 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies: (i) the amount of each component of Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, (ii) the Payment Schedule applicable to the Retirement Account or one or more Flex Accounts established under such Compensation Deferral Agreement and (iii) the allocation of Deferrals among the Participant's established Accounts.
- 2.16 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.
- 2.17 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VII.
- 2.18 Effective Date. Effective Date means May 1, 2023.
- 2.19 Eligible Employee. Eligible Employee means an Employee who is a member of a select group of management or highly compensated employees or an independent contractor who has been notified during an applicable enrollment period of his or her status as an Eligible Employee. The Committee has the discretion to determine which Employees and independent contractors are Eligible Employees for each enrollment.
- 2.20 Employee. Employee means a common-law employee of an Employer.
- 2.21 Employer. Employer means the Company and each Affiliate.
- 2.22 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 2.23 Flex Account. Flex Account means a Separation Account or Specified Date Account established under the terms of a Participant's Compensation Deferral Agreement. Unless the Committee specifies otherwise during an applicable enrollment, a Participant may maintain no more than five (5) Flex Accounts at any one time.
- 2.24 Participant. Participant means an individual described in Article III.

RE/MAX Holdings Deferred Compensation Plan

- 2.25 Participating Employer. Participating Employer means the Company and each Affiliate who has adopted the Plan with the consent of the Company. Each Participating Employer shall be identified on Schedule A attached hereto.
- 2.26 Payment Schedule. Payment Schedule means the calendar year when payment of the Retirement Account or any Flex Account will commence and the form in which payment of such Account will be made, as provided in Article VI.
- 2.27 Performance-Based Compensation. Performance-Based Compensation means Compensation where the amount of, or entitlement to, the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than 90 days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-Based Compensation shall not include any Compensation payable upon the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-1(e)) without regard to the satisfaction of the performance criteria.
- 2.28 Plan. Plan means "RE/MAX Holdings Deferred Compensation Plan" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.
- 2.29 Plan Year. Plan Year means January 1 through December 31.
- 2.30 Retirement Account. Retirement Account means an Account established by the Committee to record Company Contributions and Deferrals allocated to the Retirement Account pursuant to a Participant's Compensation Deferral Agreement, payable to a Participant upon Separation from Service in accordance with Section 6.3.
- 2.31 Separation Account. Separation Account means an Account established by the Committee in accordance with a Participant's Compensation Deferral Agreement to record Deferrals allocated to such Account by the Participant and which are payable upon the Participant's Separation from Service as set forth in Section 6.3.
- 2.32 Separation from Service. Separation from Service as an Employee means an Employee's termination of employment with the Employer and all Affiliates. With respect to non-employee Directors, Separation from Service means termination of services for the Board of Directors.

Except in the case of an Employee on a bona fide leave of absence as provided below, an Employee is deemed to have incurred a Separation from Service if the Employer and the

RE/MAX Holdings Deferred Compensation Plan

Employee reasonably anticipated that the level of services to be performed by the Employee after a date certain would be reduced to 20% or less of the average services rendered by the Employee during the immediately preceding 36-month period (or the total period of employment, if less than 36 months), disregarding periods during which the Employee was on a bona fide leave of absence.

An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of: (i) the six month anniversary of the commencement of the leave, or (ii) the expiration of the Employee's right, if any, to reemployment under statute or contract.

If a Participant ceases to provide services as an Employee and begins providing services as an independent contractor for the Employer (other than as a non-employee member of the Board of Directors), a Separation from Service shall occur only if the parties anticipate that the level of services to be provided as an independent contractor are such that a Separation from Service would have occurred if the Employee had continued to provide services at that level as an Employee. If, in accordance with the preceding sentence, no Separation from Service occurs as of the date the individual's employment status changes, a Separation from Service shall occur thereafter only upon the 12-month anniversary of the date all contracts with the Employer have expired, provided the Participant does not perform services for the Employer during that time.

Services as a non-employee member of the Board of Directors shall be disregarded in determining whether an Employee has incurred a Separation from Service as an Employee and service as an Employee shall be disregarded in determining whether a non-employee member of the Board of Directors has incurred a Separation from Service from the Board of Directors. All such "dual status" determinations shall be made in accordance with Code Section 409A.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.21 of the Plan, except that in applying Code sections 1563(a)(1), (2) and (3) for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(b), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(c), "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in those sections.

- 2.33 Specified Date Account. Specified Date Account means an Account established by the Committee to record the amounts payable in a future calendar year as specified in the Participant's Compensation Deferral Agreement.
- 2.34 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code section 152, without regard to

RE/MAX Holdings Deferred Compensation Plan

section 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Committee.

2.35 Valuation Date. Valuation Date means each Business Day.

ARTICLE III

Eligibility and Participation

- 3.1 Eligibility and Participation. All Eligible Employees and non-employee members of the Board of Directors may enroll in the Plan. An individual becomes a Participant on the first to occur of (i) the date on which the first Compensation Deferral Agreement becomes irrevocable under Article IV, or (ii) the date Company Contributions are credited to an Account on behalf of such Eligible Employee.
- 3.2 Duration. Only Eligible Employees and non-employee members of the Board of Directors may submit Compensation Deferral Agreements during an enrollment period. Only Eligible Employees may receive Company Contributions during the Plan Year. A Participant who is no longer an Eligible Employee but has not incurred a Separation from Service will not be allowed to submit Compensation Deferral Agreements but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0). All Participants, regardless of employment status, will continue to be credited with Earnings and during such time may continue to make allocation elections as provided in Section 7.4. An individual shall cease being a Participant in the Plan when his Account has been reduced to zero (0).
- 3.3 Rehires. An Eligible Employee who Separates from Service and who subsequently resumes performing services for an Employer in the same calendar year (regardless of eligibility) will have his or her Compensation Deferral Agreement for such year, if any, reinstated, but his or her eligibility to participate in the Plan in years subsequent to the year of rehire shall be governed by the provisions of Section 3.1.

ARTICLE IV

Deferrals

- 4.1 Deferral Elections, Generally.
- (a) An Eligible Employee or non-employee member of the Board of Directors may make an initial election to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Committee

RE/MAX Holdings Deferred Compensation Plan

and in the manner specified by the Committee, but in any event, in accordance with Section 4.2. Unless an earlier date is specified in the Compensation Deferral Agreement, deferral elections with respect to a Compensation source (such as salary, bonus or other Compensation) become irrevocable on the latest date applicable to such Compensation source under Section 4.2.

- (b) A Compensation Deferral Agreement that is not timely filed with respect to a service period or component of Compensation, or that is submitted by a Participant who Separates from Service prior to the latest date such agreement would become irrevocable under Section 409A, shall be considered null and void and shall not take effect with respect to such item of Compensation. The Committee may modify or revoke any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.
- (c) The Committee may permit different deferral amounts for each component of Compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Committee in the Compensation Deferral Agreement, Participants may defer a minimum of five percent (5%) and a maximum of eighty percent (80%) of their base compensation and a minimum of five percent (5%) and a maximum of one hundred percent (100%) of bonus, commissions, restricted stock unit awards or other Compensation.

In addition to a percentage deferral, the Committee may permit a Participant to defer a dollar amount of base salary earned during the Plan Year equal to the amount distributed to such Participant from the Company's 401(k) plan during the Plan Year as a result of the nondiscrimination testing results for the 401(k) plan.

- (d) Deferrals of cash Compensation shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings but shall be reduced by the Committee as necessary so as not to exceed 100% of the cash Compensation of the Participant remaining after deduction of all required income and employment taxes, required employee benefit deductions, deferrals to 401(k) plans and other deductions required by law. Changes to payroll withholdings that affect the amount of Compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.
- (e) Deferrals of restricted stock units shall be made in whole percentages of an award, with any fractional units rounded down to the next whole unit.
- (f) The Eligible Employee or non-employee member of the Board of Directors shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to the Retirement Account or to one or more Flex Accounts. If no designation is made, Deferrals shall be allocated to the Retirement Account.

RE/MAX Holdings Deferred Compensation Plan

4.2 Timing Requirements for Compensation Deferral Agreements.

- (a) *Initial Eligibility.* The Committee may permit an Eligible Employee or non-employee member of the Board of Directors to defer Compensation earned in the first year of eligibility. The Compensation Deferral Agreement must be filed within 30 days after written notice of initial eligibility and becomes irrevocable not later than the 30th day.

A Compensation Deferral Agreement filed under this paragraph applies to Compensation related to services performed after the date on which the Compensation Deferral Agreement becomes irrevocable.

- (b) *Prior Year Election.* Except as otherwise provided in this Section 4.2, the Committee may permit an Eligible Employee or non-employee member of the Board of Directors to defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the services related to such Compensation commence. A Compensation Deferral Agreement filed under this paragraph shall become irrevocable with respect to such Compensation not later than the December 31 filing deadline.
- (c) *Performance-Based Compensation.* The Committee may permit an Eligible Employee or non-employee member of the Board of Directors to defer Compensation which qualifies as Performance-Based Compensation by filing a Compensation Deferral Agreement no later than the date that is six months before the end of the applicable performance period, provided that:
- (i) the Participant performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Compensation Deferral Agreement is submitted; and
 - (ii) the Compensation is not readily ascertainable as of the date the Compensation Deferral Agreement is filed.

Any election to defer Performance-Based Compensation that is made in accordance with this paragraph and that becomes payable as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-1(e)) or upon a change in control (as defined in Treas. Reg. Section 1.409A-3(i)(5)) prior to the satisfaction of the performance criteria, will be void unless it would be considered timely under another rule described in this Section.

- (d) *Certain Forfeitable Rights.* With respect to a legally binding right to a payment in a subsequent year that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Committee may permit an Eligible Employee or non-employee member of the Board of Directors to defer

RE/MAX Holdings Deferred Compensation Plan

such Compensation by filing a Compensation Deferral Agreement on or before the 30th day after the legally binding right to the Compensation accrues, provided that the Compensation Deferral Agreement is submitted at least 12 months in advance of the earliest date on which the forfeiture condition could lapse. The Compensation Deferral Agreement described in this paragraph becomes irrevocable not later than such 30th day. If the forfeiture condition applicable to the payment lapses before the end of such 12-month period as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-3(i)(4)) or upon a change in control (as defined in Treas. Reg. Section 1.409A-3(i)(5)), the Compensation Deferral Agreement will be void unless it would be considered timely under another rule described in this Section.

- 4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to the Retirement Account or to one or more Flex Accounts. The Committee may, in its discretion, establish in a written communication during enrollment a minimum deferral period for the establishment of a Specified Date Account (for example, the second Plan Year following the year Compensation is first allocated to such Accounts). In the event a Participant's Compensation Deferral Agreement allocates a component of Compensation to a Specified Date Account that commences payment in the year such Compensation is earned and vested, the Compensation Deferral Agreement shall be deemed to allocate the Deferral to the Participant's Specified Date Account having the next earliest payment year. If the Participant has no other Specified Date Accounts, the Committee will allocate the Deferral to the Retirement Account.
- 4.4 Cancellation of Deferrals. The Committee, in its sole discretion, may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, and (ii) during periods in which the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or physical impairment that can be expected to result in death or last for a continuous period of at least six months, provided cancellation occurs by the later of the end of the taxable year of the Participant or the 15th day of the third month following the date the Participant incurs the disability (as defined in this clause (ii)).

ARTICLE V

Company Contributions

- 5.1 Discretionary Company Contributions. A Participating Employer may, from time to time in its sole and absolute discretion, credit discretionary Company Contributions in the form of matching, profit sharing or other contributions to any Eligible Employee in any amount determined by the Participating Employer. The fact that a discretionary Company Contribution is credited in one year shall not obligate the Participating Employer to continue to make such Company Contributions in subsequent years. Company Contributions are credited to the Participant's Retirement Account.

Make-Up Matching Contribution. Company Contributions may take the form of "make-up" matching contributions, at the same matching contribution rate provided under the

RE/MAX Holdings Deferred Compensation Plan

Company 401(k) plan with respect to cash Deferrals that reduce 401(k) plan compensation below the limitation set forth in Code Section 401(a)(17). A Participant is not required to make any elective deferrals to such 401(k) plan as a condition to receiving a make-up matching Company Contributions under this Plan. However, the Committee may require that a Participant must meet the same conditions for receiving a matching contribution under the 401(k) plan, including, for example, any requirement to be employed on the last day of the plan year.

Supplemental Matching Contribution. Company Contributions may take the form of “supplemental” matching contributions, at the same contribution rate provided under the Company 401(k) plan, applied to the portion of the Participant’s cash Compensation (including amounts deferred under this Plan) that exceeds the amount of compensation taken into account in determining the maximum amount of matching contribution under the terms of such 401(k) plan. A Participant is not required to make any elective deferrals to such 401(k) plan as a condition to receiving supplemental matching Company Contributions under this Plan. However, the Committee may require that a Participant must meet the same conditions for receiving a matching contribution under the 401(k) plan, including, for example, any requirement to be employed on the last day of the plan year.

Supplemental Non-Elective Contribution. Company Contributions may take the form of supplemental non-elective contributions at the same rate such non-elective contributions are made to a Participant’s tax-qualified profit sharing plan account, applied to the portion of the Participant’s cash Compensation (including amounts deferred under this Plan) that exceeds the amount of compensation taken into account in determining the amount of the non-elective contribution under the terms of such profit sharing plan. The Committee may require that a Participant must meet the same conditions for receiving a non-elective contribution under the profit sharing plan, including, for example, any requirement to be employed on the last day of the plan year.

- 5.2 Vesting. Company Contributions vest according to the schedule specified by the Committee on or before the time the contributions are made. Make-up and supplemental contributions related to employer contributions to an Employer’s tax-qualified plan will vest at the same rate provided for the related contribution under such tax-qualified plan.

All Company Contributions become 100% vested, if while employed by an Employer, a Participant dies or the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or physical impairment that can be expected to result in death or last for a continuous period of at least six months. The Company retains the sole discretion to accelerate vesting for any Participant at any time prior to the commencement of payment from an Account.

RE/MAX Holdings Deferred Compensation Plan

ARTICLE VI

Payments from Accounts

- 6.1 General Rules. A Participant's Accounts become payable upon the first to occur of the payment years or events applicable to such Account under Sections 6.2 (if elected) through 6.5.

Payment events and Payment Schedules elected by the Participant shall be set forth in a valid Compensation Deferral Agreement that establishes the Account to which such elections apply in accordance with Article IV or in a valid modification election applicable to such Account as described in Section 6.9.

Payment amounts are based on the vested Account Balances as of the first Valuation Date of the month in which actual payment will be made. Payments of restricted stock units will be based solely on the number of units to be distributed.

- 6.2 Specified Date Accounts.

Commencement. Payment of a Specified Date Account is made in the third calendar year following the Plan Year in which such Specified Date Account is established unless the Participant elects a later calendar year. Specified Date Accounts recording Deferrals of restricted stock units will be paid in the fifth calendar year following the Plan Year in which such units are awarded unless the Participant elects a later year.

Form of Payment. Payment of a Specified Date Account will be made in a lump sum, unless the Participant elected to receive such Account in a designated number of annual installments not to exceed five (5) installment payments.

- 6.3 Separation from Service. Upon a Participant's Separation from Service other than death, the Participant is entitled to receive his or her unpaid vested Accounts as provided in this Section 6.3.

Pre-Retirement In the event of a Participant's Separation from Service prior to the calendar year in which he or she attains age 55, he or she will receive all of his or her unpaid vested Accounts, including the unpaid, vested balance of any Specified Date Accounts.

Commencement. A Participant will receive such Accounts in the calendar year next following the calendar year in which he or she incurs a Separation from Service. No payment will be made to a Participant earlier than the seventh month following the month of his or her Separation from Service.

Form of Payment. Payment will be made in a single lump sum.

RE/MAX Holdings Deferred Compensation Plan

Retirement In the event of a Participant's Separation from Service during or after the calendar year in which he or she attains age 55, such Participant will receive his or her

- Retirement Account
- Separation Accounts
- Specified Date Accounts scheduled to commence payment under Section 6.2 in a calendar year following the calendar year in which Separation from Service occurs. Specified Date Accounts that have commenced payment under Section 6.2 as of a Participant's Separation from Service will continue to be paid in accordance with Section 6.2.

Commencement. A Participant will receive such Accounts in the calendar year next following the calendar year in which he or she incurs a Separation from Service or such later year elected by the Participant. The payment commencement year for the Retirement Account will apply to all Specified Date Accounts payable as part of a retirement payment. No payment will be made to a Participant earlier than the seventh month following the month of his or her Separation from Service.

Form of Payment. Each Account will be paid in a single lump sum, unless the Participant elected to receive an Account in a designated number of annual installments not to exceed ten (10) installment payments. All Specified Date Accounts payable as part of a Participant's retirement payment shall be paid in the same form as the form of payment elected for his or her Retirement Account.

Change in Control Payment Election. Upon initial enrollment in the Plan, a Participant may make a separate election to receive his or her Accounts in a lump sum or a designated number of annual installments not to exceed ten (10) installments in the event the Participant incurs a Separation from Service within 12 months following a Change in Control affecting RE/MAX Holdings, Inc.. Such payment will be made or commence in the calendar year next following the calendar year in which the Participant incurred a Separation from Service but not earlier than the seventh month following the date of Separation from Service. Such Change in Control election shall apply regardless of the Participant's age at the time of his or her Separation from Service and regardless of any other Payment Schedule applicable to such Accounts under Section 6.2 and this Section 6.3, except that Specified Date Accounts that have commenced payment under Section 6.2 as of the Participant's Separation from Service shall continue to pay as elected under Section 6.2.

6.4 **Death.** Notwithstanding anything to the contrary in this Article VI, upon the death of the Participant (regardless of whether such Participant is an Employee at the time of death), all remaining vested Account Balances shall be paid to his or her Beneficiary in a single lump sum no later than December 31 of the calendar year following the year of the Participant's death.

- (a) **Designation of Beneficiary in General.** The Participant shall designate a Beneficiary in the manner and on such terms and conditions as the Committee may prescribe. No such designation shall become effective unless filed with the

RE/MAX Holdings Deferred Compensation Plan

Committee during the Participant's lifetime. Any designation shall remain in effect until a new designation is filed with the Committee; provided, however, that in the event a Participant designates his or her spouse as a Beneficiary, such designation shall be automatically revoked upon the dissolution of the marriage unless, following such dissolution, the Participant submits a new designation naming the former spouse as a Beneficiary. A Participant may from time to time change his or her designated Beneficiary without the consent of a previously-designated Beneficiary by filing a new designation with the Committee.

- (b) *No Beneficiary.* If a designated Beneficiary does not survive the Participant, or if there is no valid Beneficiary designation, amounts payable under the Plan upon the death of the Participant shall be paid to the Participant's spouse, or if there is no surviving spouse, then to the duly appointed and currently acting personal representative of the Participant's estate.

6.5 Unforeseeable Emergency. A Participant who experiences an Unforeseeable Emergency may submit a written request to the Committee to receive payment of all or any portion of his or her vested Accounts. If the emergency need cannot be relieved by cessation of Deferrals to the Plan, the Committee may approve an emergency payment therefrom not to exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted from the Retirement Account and any Separation Accounts pro rata until fully distributed, then from the Specified Date Accounts, starting with the Account having the latest commencement date until fully distributed, then continuing in this manner with the next latest Account until the full amount of the distribution is made. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the Committee approves the payment. The Committee may specify under a uniform policy that Company Contributions may not be made available for distribution under this Section 6.6.

6.6 Administrative Cash-Out of Small Balances. Notwithstanding anything to the contrary in this Article VI, the Committee may at any time and without regard to whether a payment event has occurred, direct in writing (no later than the date of the payment) an immediate lump sum payment of the Participant's Accounts if the balance of such Accounts, combined with any other amounts required to be treated as deferred under a single plan pursuant to Code Section 409A, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B), provided any other such aggregated amounts are also distributed in a lump sum at the same time.

6.7 Acceleration of or Delay in Payments. Notwithstanding anything to the contrary in this Article VI, the Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of an Account, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute

RE/MAX Holdings Deferred Compensation Plan

discretion, delay the time for payment of an Account, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7).

6.8 Rules Applicable to Installment Payments. If a Payment Schedule specifies annual installment payments, payments will be made commencing in the designated calendar year for the applicable payment under this Article VI (as may be modified under Section 6.9) with subsequent installments paid in successive calendar years until the number of installment payments specified in the applicable Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the vested Account Balance as of the first Valuation Date in the month actual payment will be made and (b) equals the remaining number of annual installment payments. Installment payments of restricted stock units in the form of Company stock will be determined in the same manner, except that (a) equals the number of restricted stock units held in the Account, with any fractional units resulting from the installment calculation rounded down to the nearest whole unit so that only whole shares will be paid to the Participant. Any fractional share in the last installment payment will be paid in cash. For purposes of Section 6.9, installment payments will be treated as a single payment. Accounts payable in installments will continue to be credited with Earnings in accordance with Article VII hereof until the Account is completely distributed.

6.9 Modifications to Payment Schedules. A Participant may modify the Payment Schedule elected by him or her with respect to an Account and may modify the Change in Control election described in Section 6.3, consistent with the permissible Payment Schedules available under the Plan for the applicable payment event, provided such modification complies with the requirements of this Section 6.9.

- (a) *Time of Election.* The modification election must be submitted to the Committee not less than 12 months prior to the first day of the calendar year payments would have commenced under the Payment Schedule in effect prior to modification (the "Prior Election").
- (b) *Date of Payment under Modified Payment Schedule.* The calendar year in which payments are to commence under the modified Payment Schedule must be no earlier than the fifth calendar year after the calendar year payment would have commenced under the Prior Election. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A. If the Participant modifies only the form, and not the commencement date for payment, payments shall commence in the fifth calendar year following the calendar year payment would have commenced under the Prior Election.
- (c) *Irrevocability; Effective Date.* A modification election is irrevocable when filed and becomes effective 12 months after the filing date.
- (d) *Effect on Accounts.* An election to modify a Payment Schedule is limited to the designated Account(s) and payment time or event to which such Payment Schedule applies and shall not be construed to affect any Payment Schedule for an

RE/MAX Holdings Deferred Compensation Plan

alternative payment time or event applicable to such Account(s) or any Payment Schedule applicable to any other Account.

ARTICLE VII

Valuation of Account Balances; Investments

- 7.1 Valuation. Deferrals shall be credited to appropriate Accounts as of the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Valuation of Accounts shall be performed under procedures approved by the Committee.
- 7.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Committee, in accordance with the provisions of this Article VII ("investment allocation").
- 7.3 Investment Options. The Committee will determine investment options. The Committee, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.
- 7.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Committee. Allocation among the investment options must be designated in increments of 1%. The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Committee. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day, and shall be applied prospectively.

- 7.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment

RE/MAX Holdings Deferred Compensation Plan

option, the primary objective of which is the preservation of capital, as determined by the Committee.

- 7.6 Company Stock. Deferrals of restricted stock units will be credited to a Participant's Account in the designated number of units with each unit equal in value to one share of common stock of the Company. A Participant may not allocate units to another investment option under the Plan. A Participant may not allocate cash Deferrals into units of Company stock. Dividend equivalents payable with respect to deferred units will be credited in the form of additional units based on the closing price of the Company's Class A shares as of the date dividends are paid with respect to such shares. Dividend equivalents shall be treated as Earnings for FICA purposes and for purposes of determining the time and form of payment of such dividend equivalents from the Plan and shall not be treated as additional grants under the terms of the Company's equity compensation programs.
- 7.7 Valuations Final After 180 Days. The Participant shall have 180 days following the Valuation Date on which the Participant failed to receive the full amount of Earnings and to file a claim under Article XI for the correction of such error.

ARTICLE VIII

Administration

- 8.1 Plan Administration. This Plan shall be administered by the Committee which shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Plan and its terms, as may arise in connection with the Plan. Claims for benefits shall be filed with the Committee and resolved in accordance with the claims procedures in Article XI.
- 8.2 Administration Upon Change in Control. Upon a change in control affecting the Company, the Committee, as constituted immediately prior to such change in control, shall continue to act as the Committee. The Committee, by a vote of a majority of its members, shall have the authority (but shall not be obligated) to appoint an independent third party to act as the Committee. For purposes of this Section 8.2, a "change in control" means a change in control within the meaning of the rabbi trust agreement associated with the Plan or if no such definition is provided, the term shall have the meaning under Code Section 409A.

Upon such change in control, the Company may not remove the Committee or its members, unless a majority of Participants and Beneficiaries with Account Balances consent to the removal and replacement of the Committee. Notwithstanding the foregoing, the Committee shall not have authority to direct investment of trust assets under any rabbi trust described in Section 10.2.

RE/MAX Holdings Deferred Compensation Plan

The Participating Employers shall, with respect to the Committee identified under this Section: (i) pay all reasonable expenses and fees of the Committee, (ii) indemnify the Committee (including individuals serving as Committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Committee's duties hereunder, except with respect to matters resulting from the Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Committee may reasonably require.

- 8.3 Withholding. The Participating Employer shall have the right to withhold from any payment due under the Plan (or with respect to any amounts credited to the Plan) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Plan shall be deducted from Compensation that has not been deferred to the Plan.
- 8.4 Indemnification. The Participating Employers shall indemnify and hold harmless each employee, officer, director, agent or organization, to whom or to which are delegated duties, responsibilities, and authority under the Plan or otherwise with respect to administration of the Plan, including, without limitation, the Committee, its delegees and its agents, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Participating Employer. Notwithstanding the foregoing, the Participating Employer shall not indemnify any person or organization if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Participating Employer consents in writing to such settlement or compromise.
- 8.5 Delegation of Authority. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who shall be legal counsel to the Company.
- 8.6 Binding Decisions or Actions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

ARTICLE IX

Amendment and Termination

RE/MAX Holdings Deferred Compensation Plan

- 9.1 Amendment and Termination. The Company may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article IX. Each Participating Employer may also terminate its participation in the Plan.
- 9.2 Amendments. The Company, by action taken by its Board of Directors, may amend the Plan at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date). The Board of Directors of the Company may delegate to the Committee the authority to amend the Plan without the consent of the Board of Directors for the purpose of: (i) conforming the Plan to the requirements of law; (ii) facilitating the administration of the Plan; (iii) clarifying provisions based on the Committee's interpretation of the Plan documents; and (iv) making such other amendments as the Board of Directors may authorize. No amendment is needed to revise the list of Participating Employers set forth on Schedule A attached hereto.
- 9.3 Termination. The Company, by action taken by its Board of Directors, may terminate the Plan and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).
- 9.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Committee, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

ARTICLE X

Informal Funding

- 10.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Participating Employers, or a trust described in this Article X. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.
- 10.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Plan. Payments under the Plan may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

RE/MAX Holdings Deferred Compensation Plan

If a rabbi trust is in existence upon the occurrence of a “change in control,” as defined in such trust, the Participating Employer shall, upon such change in control, and on each anniversary of the change in control, contribute in cash or liquid securities such amounts as are necessary so that the value of assets after making the contributions exceed 125% of the total value of all Account Balances.

ARTICLE XI

Claims

- 11.1 Filing a Claim. Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Committee which shall make all determinations concerning such claim. Any claim filed with the Committee and any decision by the Committee denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the “Claimant”). Notice of a claim for payments shall be delivered to the Committee within 90 days of the latest date upon which the payment could have been timely made in accordance with the terms of the Plan and Code Section 409A, and if not paid, the Participant or Beneficiary must file a claim under this Article XI not later than 180 days after such latest date. If the Participant or Beneficiary fails to file a timely claim, the Participant forfeits any amounts to which he or she may have been entitled to receive under the claim.
- (a) *In General.* Notice of a denial of benefits (other than claims based on disability) will be provided within 90 days of the Committee’s receipt of the Claimant’s claim for benefits. If the Committee determines that it needs additional time to review the claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 90-day period. The extension will not be more than 90 days from the end of the initial 90-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Committee expects to make a decision.
- (b) *Disability Benefits.* Notice of denial of claims based on disability will be provided within forty-five (45) days of the Committee’s receipt of the Claimant’s claim for disability benefits. If the Committee determines that it needs additional time to review the disability claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 45-day period. If the Committee determines that a decision cannot be made within the first extension period due to matters beyond the control of the Committee, the time period for making a determination may be further extended for an additional 30 days. If such an additional extension is necessary, the Committee shall notify the Claimant prior to the expiration of the initial 30-day extension. Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which the Committee expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of 45 days to submit any

RE/MAX Holdings Deferred Compensation Plan

necessary additional information to the Committee. In the event that a 30-day extension is necessary due to a Claimant's failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

- (c) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). The notice of denial shall set forth the specific reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Plan document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review procedures and the time limits applicable to such procedures, including the right to appeal the decision, the deadline by which such appeal must be filed and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on appeal and the specific date by which such a civil action must commence under Section 11.4.

In the case of a complete or partial denial of a disability benefit claim, the notice shall provide such information and shall be communicated in the manner required under applicable Department of Labor regulations.

- 11.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a committee designated to hear such appeals (the "Appeals Committee"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relating to the claim to the Appeals Committee. All written comments, documents, records, and other information shall be considered "relevant" if the information: (i) was relied upon in making a benefits determination, (ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The review shall consider all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Appeals Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

- (a) *In General.* Appeal of a denied benefits claim (other than a disability benefits claim) must be filed in writing with the Appeals Committee no later than 60 days

RE/MAX Holdings Deferred Compensation Plan

after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within 60 days following receipt of the appeal (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will consider comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

- (b) *Disability Benefits.* Appeal of a denied disability benefits claim must be filed in writing with the Appeals Committee no later than 180 days after receipt of the written notification of such claim denial. The review shall be conducted in accordance with applicable Department of Labor regulations.

The Appeals Committee shall make its decision regarding the merits of the denied claim within 45 days following receipt of the appeal (or within 90 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

- (c) *Contents of Notice.* If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1) (i), (iii), and (iv). Such notice shall set forth the reasons for denial in plain language.

The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA, following an adverse decision on review and the specific date by which such a civil action must commence under Section 11.4.

RE/MAX Holdings Deferred Compensation Plan

For the denial of a disability benefit, the notice will also include such additional information and be communicated in the manner required under applicable Department of Labor regulations.

- 11.3 Claims Appeals Upon Change in Control. Upon a change in control, the Appeals Committee, as constituted immediately prior to such change in control, shall continue to act as the Appeals Committee. The Company may not remove any member of the Appeals Committee but may replace resigning members if 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the replacement. For purposes of this Section 11.3, a “change in control” means a change in control within the meaning of the rabbi trust agreement associated with the Plan or if no such definition is provided, the term shall have the meaning under Code Section 409A.

The Appeals Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

Each Participating Employer shall, with respect to the Committee identified under this Section: (i) pay its proportionate share of all reasonable expenses and fees of the Appeals Committee, (ii) indemnify the Appeals Committee (including individual committee members) against any costs, expenses and liabilities including, without limitation, attorneys’ fees and expenses arising in connection with the performance of the Appeals Committee hereunder, except with respect to matters resulting from the Appeals Committee’s gross negligence or willful misconduct, and (iii) supply full and timely information to the Appeals Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Appeals Committee may reasonably require.

- 11.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has followed the claims procedures under the Plan and exhausted his or administrative remedies under Sections 11.1 and 11.2. No such legal action may be brought more than twelve (12) months following the notice of denial of benefits under Section 11.2, or if no appeal is filed by the applicable appeals deadline, twelve (12) months following the appeals deadline.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such Participant or Beneficiary for all legal costs, expenses, attorneys’ fees and such other liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a change in control as defined in Section 11.3, the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant’s or Beneficiary’s Account Balance

RE/MAX Holdings Deferred Compensation Plan

and will be included in determining the Participating Employer's trust funding obligation under Section 10.2.

- 11.5 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion and shall be final and conclusive.

11.6 Arbitration.

- (a) *Prior to Change in Control.* If, prior to a change in control as defined in Section 11.3, any claim or controversy between a Participating Employer and a Participant or Beneficiary is not resolved through the claims procedure set forth in Article XI, such claim shall be submitted to and resolved exclusively by expedited binding arbitration by a single arbitrator. Arbitration shall be conducted in accordance with the following procedures:

The complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and attempt in good faith to select a single arbitrator acceptable to both parties. If a single arbitrator is not selected by mutual consent within ten Business Days following the giving of the written notice of dispute, an arbitrator shall be selected from a list of nine persons each of whom shall be an attorney who is either engaged in the active practice of law or recognized arbitrator and who, in either event, is experienced in serving as an arbitrator in disputes between employers and employees, which list shall be provided by the main office of either JAMS, the American Arbitration Association ("AAA") or the Federal Mediation and Conciliation Service. If, within three Business Days of the parties' receipt of such list, the parties are unable to agree on an arbitrator from the list, then the parties shall each strike names alternatively from the list, with the first to strike being determined by the flip of a coin. After each party has had four strikes, the remaining name on the list shall be the arbitrator. If such person is unable to serve for any reason, the parties shall repeat this process until an arbitrator is selected.

Unless the parties agree otherwise, within 60 days of the selection of the arbitrator, a hearing shall be conducted before such arbitrator at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the time or place of the arbitration, the time and place shall be designated by the arbitrator after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrator shall issue an award, accompanied by a written decision explaining the basis for the arbitrator's award.

In any arbitration hereunder, the Participating Employer shall pay all administrative fees of the arbitration and all fees of the arbitrator, except that the

RE/MAX Holdings Deferred Compensation Plan

Participant or Beneficiary may, if he/she/it wishes, pay up to one-half of those amounts. Each party shall pay its own attorneys' fees, costs, and expenses, unless the arbitrator orders otherwise. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses, and attorneys' fees. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

The parties shall be entitled to discovery as follows: Each party may take no more than three depositions. The Participating Employer may depose the Participant or Beneficiary plus two other witnesses, and the Participant or Beneficiary may depose the Participating Employer, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the ground that the arbitration award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act: provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of this Plan, the terms of this Plan shall prevail.

If any of the provisions of this Section 11.6(a) are determined to be unlawful or otherwise unenforceable, in the whole part, such determination shall not affect the validity of the remainder of this section and this section shall be reformed to the

RE/MAX Holdings Deferred Compensation Plan

extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 11.6(a) are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claims(s) of a single Participant or Beneficiary.

- (b) *Upon Change in Control.* Upon a change in control as defined in Section 11.3, Section 11.6(a) shall not apply and any legal action initiated by a Participant or Beneficiary to enforce his or her rights under the Plan may be brought in any court of competent jurisdiction. Notwithstanding the Appeals Committee's discretion under Sections 11.3 and 11.5, the court shall apply a de novo standard of review to any prior claims decision under Sections 11.1 through 11.3 or any other determination made by the Company, its Board of Directors, a Participating Employer, the Committee, or the Appeals Committee.

ARTICLE XII

General Provisions

- 12.1 Assignment. No interest of any Participant, spouse or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Committee has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting a Participating Employer without the consent of the Participant.

- 12.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.

RE/MAX Holdings Deferred Compensation Plan

- 12.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.
- 12.4 Notice. Any notice or filing required or permitted to be delivered to the Committee under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Committee. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

RE/MAX HOLDINGS, INC.
5075 S SYRACUSE ST
DENVER, CO, 80237-2712
ATTN: HUMAN RESOURCES

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing or hand-delivered or sent by mail to the last known address of the Participant.

- 12.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.
- 12.6 Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.
- 12.7 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Company, and the Plan from further liability on account thereof.
- 12.8 Governing Law. To the extent not preempted by ERISA, the laws of the State of Colorado shall govern the construction and administration of the Plan.
- 12.9 Compliance With Code Section 409A; No Guarantee. This Plan is intended to be administered in compliance with Code Section 409A and each provision of the Plan shall be interpreted consistent with Code Section 409A. Although intended to comply with Code Section 409A, this Plan shall not constitute a guarantee to any Participant or Beneficiary that the Plan in form or in operation will result in the deferral of federal or state income tax liabilities or that the Participant or Beneficiary will not be subject to the

RE/MAX Holdings Deferred Compensation Plan

additional taxes imposed under Section 409A. No Employer shall have any legal obligation to a Participant with respect to taxes imposed under Code Section 409A.

IN WITNESS WHEREOF, the undersigned executed this Plan as of the 25th day of May, 2023, to be effective as of the Effective Date.

RE/MAX HOLDINGS, INC.

By: Karri Callahan

Its: Chief Financial Officer

/s/ Karri Callahan

Page 28 of 29

RE/MAX Holdings Deferred Compensation Plan

Schedule A

Participating Employers

RE/MAX Holdings, Inc.
RE/MAX, LLC
WEMLO, LLC

Page 29 of 29

Certification

I, Stephen P. Joyce, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RE/MAX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - d. Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/s/ Stephen P. Joyce

Stephen P. Joyce

Chief Executive Officer

(Principal Executive Officer)

Certification

I, Karri R. Callahan certify that:

1. I have reviewed this quarterly report on Form 10-Q of RE/MAX Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - d. Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/s/ Karri R. Callahan
Karri R. Callahan
Chief Financial Officer
(Principal Financial Officer)

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of RE/MAX Holdings, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 30, 2023 and December 31, 2022, and for the three and six months ended June 30, 2023 and 2022.

Date: August 2, 2023

/s/ Stephen P. Joyce
Stephen P. Joyce
Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

/s/ Karri R. Callahan
Karri R. Callahan
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.
