

**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 March 31, 2024.

OR

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

For the transition period from _____ to _____

Commission file number: 001-36101



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 April 26, 2024, there were 18,852,858 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.

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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)

	As of	
	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,077	\$ 82,623
Restricted cash	45,359	43,140
Accounts and notes receivable, current portion, net of allowances	33,182	33,427
Income taxes receivable	2,015	1,706
Other current assets	13,100	15,669
Total current assets	175,733	176,565
Property and equipment, net of accumulated depreciation	8,936	8,633
Operating lease right of use assets	21,710	23,013
Franchise agreements, net	95,841	101,516
Other intangible assets, net	18,126	19,176
Goodwill	239,930	241,164
Other assets, net of current portion	6,446	7,083
Total assets	\$ 566,722	\$ 577,150
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 3,074	\$ 4,700
Accrued liabilities	104,385	107,434
Income taxes payable	1,286	766
Deferred revenue	23,214	23,077
Current portion of debt	4,600	4,600
Current portion of payable pursuant to tax receivable agreements	285	822
Operating lease liabilities	8,028	7,920
Total current liabilities	144,872	149,319
Debt, net of current portion	439,044	439,980
Deferred tax liabilities	10,499	10,797
Deferred revenue, net of current portion	16,911	17,607
Operating lease liabilities, net of current portion	29,358	31,479
Other liabilities, net of current portion	3,891	4,029
Total liabilities	644,575	653,211
Commitments and contingencies		
Stockholders' equity (deficit):		
Class A common stock, par value \$.0001 per share, 180,000,000 shares authorized; 18,852,858 and 18,269,284 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	2	2
Class B common stock, par value \$.0001 per share, 1,000 shares authorized; 1 share issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	556,285	550,637
Accumulated deficit	(144,155)	(140,217)
Accumulated other comprehensive income (deficit), net of tax	(105)	638
Total stockholders' equity attributable to RE/MAX Holdings, Inc.	412,027	411,060
Non-controlling interest	(489,880)	(487,121)
Total stockholders' equity (deficit)	(77,853)	(76,061)
Total liabilities and stockholders' equity (deficit)	\$ 566,722	\$ 577,150

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 March 31,	
	2024	2023
Revenue:		
Continuing franchise fees	\$ 31,085	\$ 32,076
Annual dues	8,225	8,618
Broker fees	10,716	10,892
Marketing Funds fees	20,206	21,342
Franchise sales and other revenue	8,055	12,473
Total revenue	<u>78,287</u>	<u>85,401</u>
Operating expenses:		
Selling, operating and administrative expenses	45,705	49,115
Marketing Funds expenses	20,206	21,342
Depreciation and amortization	7,852	8,033
Total operating expenses	<u>73,763</u>	<u>78,490</u>
Operating income (loss)	<u>4,524</u>	<u>6,911</u>
Other expenses, net:		
Interest expense	(9,256)	(8,245)
Interest income	1,001	1,004
Foreign currency transaction gains (losses)	(372)	43
Total other expenses, net	<u>(8,627)</u>	<u>(7,198)</u>
Income (loss) before provision for income taxes	<u>(4,103)</u>	<u>(287)</u>
Provision for income taxes	<u>(1,504)</u>	<u>(392)</u>
Net income (loss)	<u>\$ (5,607)</u>	<u>\$ (679)</u>
Less: net income (loss) attributable to non-controlling interest	<u>(2,254)</u>	<u>(8)</u>
Net income (loss) attributable to RE/MAX Holdings, Inc.	<u><u>\$ (3,353)</u></u>	<u><u>\$ (671)</u></u>
Net income (loss) attributable to RE/MAX Holdings, Inc. per share of Class A common stock		
Basic	<u>\$ (0.18)</u>	<u>\$ (0.04)</u>
Diluted	<u>\$ (0.18)</u>	<u>\$ (0.04)</u>
Weighted average shares of Class A common stock outstanding		
Basic	<u>18,481,848</u>	<u>17,916,841</u>
Diluted	<u>18,481,848</u>	<u>17,916,841</u>
Cash dividends declared per share of Class A common stock	<u>\$ —</u>	<u>\$ 0.23</u>

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	
	March 31,	
	2024	2023
Net income (loss)	\$ (5,607)	\$ (679)
Change in cumulative translation adjustment	(1,248)	99
Comprehensive income (loss)	(6,855)	(580)
Less: Comprehensive income (loss) attributable to non-controlling interest	(2,759)	9
Comprehensive income (loss) attributable to RE/MAX Holdings, Inc., net of tax	<u>\$ (4,096)</u>	<u>\$ (589)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

RE/MAX HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(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 (deficit)
	Shares	Amount	Shares	Amount					
Balances, January 1, 2024	18,269,284	\$ 2	1	\$ —	\$ 550,637	\$ (140,217)	\$ 638	\$ (487,121)	\$ (76,061)
Net income (loss)	—	—	—	—	—	(3,353)	—	(2,254)	(5,607)
Equity-based compensation expense and dividend equivalents	866,069	—	—	—	8,146	(585)	—	—	7,561
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	—	(743)	(505)	(1,248)
Shares withheld for taxes on share-based compensation	(282,495)	—	—	—	(2,498)	—	—	—	(2,498)
Balances, March 31, 2024	<u>18,852,858</u>	<u>\$ 2</u>	<u>1</u>	<u>\$ —</u>	<u>\$ 556,285</u>	<u>\$ (144,155)</u>	<u>\$ (105)</u>	<u>\$ (489,880)</u>	<u>\$ (77,853)</u>

	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	<u>18,121,947</u>	<u>\$ 2</u>	<u>1</u>	<u>\$ —</u>	<u>\$ 538,743</u>	<u>\$ (63,137)</u>	<u>\$ (313)</u>	<u>\$ (452,352)</u>	<u>\$ 22,943</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ (5,607)	\$ (679)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	7,852	8,033
Equity-based compensation expense	5,923	4,451
Bad debt expense	1,314	1,614
Deferred income tax expense (benefit)	(202)	(1,579)
Fair value adjustments to contingent consideration	34	(4)
Loss (gain) on sale or disposition of assets, net	—	178
Non-cash lease benefit	(705)	(766)
Non-cash debt charges	215	212
Other, net	(5)	(116)
Changes in operating assets and liabilities	562	(8,280)
Net cash provided by operating activities	9,381	3,064
Cash flows from investing activities:		
Purchases of property, equipment and capitalization of software	(2,619)	(1,489)
Other	189	195
Net cash used in investing activities	(2,430)	(1,294)
Cash flows from financing activities:		
Payments on debt	(1,150)	(1,150)
Distributions paid to non-controlling unitholders	—	(2,889)
Dividends and dividend equivalents paid to Class A common stockholders	(585)	(4,824)
Payments related to tax withholding for share-based compensation	(2,498)	(3,458)
Common shares repurchased	—	(3,408)
Payment of contingent consideration	(120)	(120)
Net cash used in financing activities	(4,353)	(15,849)
Effect of exchange rate changes on cash	(925)	34
Net increase (decrease) in cash, cash equivalents and restricted cash	1,673	(14,045)
Cash, cash equivalents and restricted cash, beginning of period	125,763	138,128
Cash, cash equivalents and restricted cash, end of period	<u>\$ 127,436</u>	<u>\$ 124,083</u>

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, primarily 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, 2023, 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 March 31, 2024 and the results of its operations and comprehensive income (loss), cash flows and changes in its stockholders' equity (deficit) for the three months ended March 31, 2024 and 2023. 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, 2023 ("2023 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:

- 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, 2024	New billings	Revenue recognized ^(a)	Balance at March 31, 2024
Franchise sales	\$ 24,613	\$ 1,299	\$ (2,149)	\$ 23,763
Annual dues	13,282	8,911	(8,225)	13,968
Other	2,789	5,402	(5,797)	2,394
	<u>\$ 40,684</u>	<u>\$ 15,612</u>	<u>\$ (16,171)</u>	<u>\$ 40,125</u>

(a) Revenue recognized related to the beginning balance for Franchise sales and Annual dues were \$2.1 million and \$6.1 million, respectively, for the three months ended March 31, 2024.

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, 2024	Additions to contract cost for new activity	Expense recognized	Balance at March 31, 2024
Capitalized contract costs for commissions	\$ 4,255	\$ 357	\$ (651)	\$ 3,961

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 2024	2025	2026	2027	2028	2029	Thereafter	Total
Franchise sales	\$ 5,178	\$ 5,940	\$ 4,661	\$ 3,302	\$ 1,877	\$ 742	\$ 2,063	\$ 23,763
Annual dues	13,294	674	—	—	—	—	—	13,968
Total	<u>\$ 18,472</u>	<u>\$ 6,614</u>	<u>\$ 4,661</u>	<u>\$ 3,302</u>	<u>\$ 1,877</u>	<u>\$ 742</u>	<u>\$ 2,063</u>	<u>\$ 37,731</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 March 31,	
	2024	2023
U.S. Company-Owned Regions	\$ 31,739	\$ 33,861
U.S. Independent Regions	1,468	1,476
Canada Company-Owned Regions	9,903	9,798
Canada Independent Regions	728	724
Global	3,468	3,198
Fee revenue ^(a)	47,306	49,057
Franchise sales and other revenue ^(b)	7,142	11,573
Total Real Estate	54,448	60,630
U.S.	15,366	16,305
Canada	4,616	4,763
Global	224	274
Total Marketing Funds	20,206	21,342
Mortgage ^(c)	3,633	3,188
Other ^(c)	—	241
Total	\$ 78,287	\$ 85,401

(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. The decline in other revenue is mostly attributable to a reduction in revenue from the Company's annual RE/MAX agent convention as a result of lower attendance due the 50th anniversary celebration in the prior year.

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

Cash, Cash Equivalents and Restricted Cash

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):

	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 82,077	\$ 82,623
Restricted cash:		
Marketing Funds ^(a)	17,859	15,640
Settlement Fund ^(b)	27,500	27,500
Total cash, cash equivalents and restricted cash	\$ 127,436	\$ 125,763

(a) All cash held by the Marketing Funds is contractually restricted, pursuant to the applicable franchise agreements.

(b) Represents the net amounts held in the Settlement Fund as part of the settlement of industry class-action lawsuits. See Note 11, *Commitments and Contingencies* for additional information.

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 consumer facing marketing initiatives, and (c) various administrative services including customer support of technology; accounting and legal.

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

	Three Months Ended March 31,	
	2024	2023
Technology – operating	\$ 1,050	\$ 1,169
Technology – capital ^(a)	—	(203)
Marketing staff and administrative services	1,505	1,492
Total	<u>\$ 2,555</u>	<u>\$ 2,458</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 March 31, 2024, and December 31, 2023, the Company had allowances against accounts and notes receivable of \$11.9 million and \$10.9 million, respectively.

Property and Equipment

As of March 31, 2024, and December 31, 2023 the Company had accumulated depreciation of \$13.8 million and \$13.1 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 of 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.

Restructuring and Reduction in Force Charges

During the third quarter of 2023, the Company announced a reduction in force and reorganization (the "Reorganization") intended to streamline the Company's operations and yield cost savings over the long term. The Reorganization reduced the Company's overall workforce by approximately 7% and was substantially complete by September 30, 2023. As a result of the Reorganization, the Company incurred a pre-tax cash charge for one-time termination benefits of severance and related costs of \$4.3 million and accelerated equity compensation expense of \$0.5 million. See Note 6, *Accrued Liabilities* for a roll forward of the liability related to the Reorganization as of March 31, 2024.

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. Any associated equity compensation expense will be accelerated through the employee's retirement eligibility date.

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 Canadian loan between RMCO and the Canadian entity for RE/MAX INTEGRA ("INTEGRA"). 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)" on the Consolidated Statements of Income (Loss) along with the related derivative contracts. During the three months ended March 31, 2024 and 2023, the Company recognized a net realized gain of \$1.2 million and a net realized loss of \$0.1 million, respectively.

The Company has a short-term \$74.0 million Canadian dollar forward contract that matures in the second quarter of 2024 that net settles in U.S. dollars based on the prevailing spot rates at maturity.

Recently Adopted Accounting Pronouncements

None.

New Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) – Improvements to Income Tax Disclosures, which requires greater disaggregation of income tax disclosures related to the income tax reconciliation and income taxes paid. The amendments improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The new standard is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. The Company believes the amendments of ASU 2023-09 will not have a significant impact on the Company's consolidated financial statements and will include all required disclosures upon adoption.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures, which requires disclosure of incremental segment information on an annual and interim basis, primarily disclosure of significant segment expense categories and amounts for each reportable segment. The new standard is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company will adopt ASU 2023-07 in the annual financial statements for the twelve months ended December 31, 2024, and for interim periods beginning in 2025. The Company believes the amendments of ASU 2023-07 will not have a significant impact on the Company's consolidated financial statements and will include all required disclosures upon adoption.

3. Non-controlling Interest

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

	March 31, 2024		December 31, 2023	
	Shares	Ownership %	Shares	Ownership %
Non-controlling interest ownership of common units in RMCO	12,559,600	40.0 %	12,559,600	40.7 %
Holdings outstanding Class A common stock (equal to Holdings common units in RMCO)	18,852,858	60.0 %	18,269,284	59.3 %
Total common units in RMCO	31,412,458	100.0 %	30,828,884	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 March 31,					
	2024			2023		
	Holdings	NCI	Total	Holdings	NCI	Total
WAO percentage of RMCO ^(a)	59.5 %	40.5 %	100.0 %	58.8 %	41.2 %	100.0 %
Income (loss) before provision for income taxes ^(a)	\$ (2,446)	\$ (1,657)	\$ (4,103)	\$ (168)	\$ (119)	\$ (287)
(Provision) / benefit for income taxes ^(b)	(907)	(597)	(1,504)	(503)	111	(392)
Net income (loss)	\$ (3,353)	\$ (2,254)	\$ (5,607)	\$ (671)	\$ (8)	\$ (679)

- (a) The WAO percentage of RMCO differs from the percentage allocation of income (loss) before provision for income taxes between Holdings and the non-controlling interest due to certain 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.

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):

	Three Months Ended March 31,	
	2024	2023
Dividend distributions ^(a)	\$ —	\$ 2,889
Total distributions to non-controlling unitholders	\$ —	\$ 2,889

- (a) In the fourth quarter of 2023, the Company announced that its Board of Directors suspended the Company's quarterly dividend.

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 March 31,	
	2024	2023
Numerator		
Net income (loss) attributable to RE/MAX Holdings, Inc.	\$ (3,353)	\$ (671)
Denominator for basic net income (loss) per share of Class A common stock		
Weighted average shares of Class A common stock outstanding	18,481,848	17,916,841
Denominator for diluted net income (loss) per share of Class A common stock		
Weighted average shares of Class A common stock outstanding	18,481,848	17,916,841
Add dilutive effect of the following:		
Restricted stock ^(a)	—	—
Weighted average shares of Class A common stock outstanding, diluted	18,481,848	17,916,841
Net income (loss) attributable to RE/MAX Holdings, Inc. per share of Class A common stock		
Basic	\$ (0.18)	\$ (0.04)
Diluted	\$ (0.18)	\$ (0.04)

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	Three Months Ended March 31, 2023			
	Date paid	Per share	Class A stockholders (\$)	Non-controlling unitholders (\$)
March 31	March 22, 2023	\$ 0.23	\$ 4,164	\$ 2,889

In the fourth quarter of 2023, the Company's Board of Directors suspended the Company's quarterly dividend and therefore no dividends were paid during the first quarter of 2024. In light of the pending litigation settlement and ongoing challenging housing and mortgage market conditions, the Company's Board of Directors believes this action to preserve the Company's capital is prudent.

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 three months ended March 31, 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. During the three months ended March 31, 2024, the Company did not repurchase any shares. As of March 31, 2024, \$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 March 31, 2024			As of December 31, 2023		
		Initial Cost	Accumulated Amortization	Net Balance	Initial Cost	Accumulated Amortization	Net Balance
Franchise agreements	12.1	\$ 224,566	\$ (128,725)	\$ 95,841	\$ 225,716	\$ (124,200)	\$ 101,516
Other intangible assets:							
Software ^(a)	4.1	\$ 54,498	\$ (41,000)	\$ 13,498	\$ 52,918	\$ (39,192)	\$ 13,726
Trademarks	9.1	973	(681)	292	971	(649)	322
Non-compete agreements	5.0	12,948	(8,786)	4,162	13,051	(8,156)	4,895
Training materials	—	2,400	(2,400)	—	2,400	(2,400)	—
Other	7.0	870	(696)	174	870	(637)	233
Total other intangible assets	4.5	\$ 71,689	\$ (53,563)	\$ 18,126	\$ 70,210	\$ (51,034)	\$ 19,176

(a) As of March 31, 2024 and December 31, 2023, capitalized software development costs of \$2.1 million and \$1.0 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 \$7.2 million and \$7.4 million for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, 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 2024	\$ 19,512
2025	23,119
2026	16,091
2027	9,118
2028	8,274
Thereafter	37,853
	<u>\$ 113,967</u>

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

	Real Estate
Balance, January 1, 2024	\$ 241,164
Effect of changes in foreign currency exchange rates	(1,234)
Balance, March 31, 2024	<u>\$ 239,930</u>

As of March 31, 2024, there were no events or circumstances that would indicate impairment may have occurred at either reporting unit level.

6. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	March 31, 2024	December 31, 2023
Marketing Funds ^(a)	\$ 30,451	\$ 28,753
Accrued payroll and related employee costs	7,917	14,231
Accrued taxes	2,040	2,567
Accrued professional fees	1,165	937
Settlement payable ^(b)	55,000	55,700
Other	7,812	5,246
	<u>\$ 104,385</u>	<u>\$ 107,434</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 pursuant to the terms of the applicable franchise agreements. See Note 2, *Summary of Significant Accounting Policies* for additional information.

(b) Represents the net settlement payable as part of the settlement of industry class-action lawsuits. See Note 11, *Commitments and Contingencies* for additional information.

The following table presents a roll forward of the severance and related costs liability as related to the Reorganization and the strategic shift and restructure of the Company's business, which is in "Accrued payroll and related employee costs" in the table above (in thousands):

Balance, January 1, 2024	\$ 2,622
Severance and other related expenses	(27)
Cash payments	(1,239)
Balance, March 31, 2024 ^(a)	<u>\$ 1,356</u>

(a) The remaining liability balance is related to the strategic shift and restructure of the Company's business that occurred in the third quarter of 2023.

7. Debt

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

	March 31, 2024	December 31, 2023
Senior Secured Credit Facility	\$ 447,350	\$ 448,500
Less unamortized debt issuance costs	(2,738)	(2,896)
Less unamortized debt discount costs	(968)	(1,024)
Less current portion	(4,600)	(4,600)
	<u>\$ 439,044</u>	<u>\$ 439,980</u>

As of March 31, 2024, maturities of debt are as follows (in thousands):

Remainder of 2024	\$ 3,450
2025	4,600
2026	4,600
2027	4,600
2028	430,100
	<u>\$ 447,350</u>

Senior Secured Credit Facility

On July 21, 2021, the Company amended and restated its Senior Secured Credit Facility to fund the acquisition of INTEGRA and 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 matures and must be repaid on July 21, 2026 if any amounts are drawn.

The Senior Secured Credit Facility requires the Company to repay term loans at approximately \$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. The Company's TLR is calculated based on RE/MAX, LLC's consolidated indebtedness and consolidated EBITDA, both defined in the Senior Secured Credit Facility. As of March 31, 2024, RE/MAX, LLC's consolidated EBITDA, as defined in the Senior Secured Credit Facility, was \$42.8 million on a trailing twelve-month basis. If the Company's 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 Company's TLR as of the last day of such fiscal year is less than 3.75:1, no repayment from ECF is required. The Company evaluated if an ECF payment was required as of December 31, 2023, pursuant to the terms of the Senior Secured Credit Facility and determined no ECF payment was required.

In addition, if any amounts are drawn under the revolving line of credit under the Senior Secured Credit Facility, the terms of the Company's Senior Secured Credit Facility require the Company's TLR to not exceed 4.50:1 at the last day of any period of four consecutive fiscal quarters. If the Company's TLR exceeds 4.50:1, access to borrowings under the revolving line of credit is restricted. A commitment fee of 0.5% per annum (subject to reductions) accrues on the amount of unutilized revolving line of credit regardless of the Company's TLR. As of the date of this report, no amounts were drawn on the revolving line of credit.

The Company is also limited in the amount of restricted payments it can make, as defined in the Senior Secured Credit Facility, as it provides for customary restrictions on, among other things, additional indebtedness, restricted payments, liens, dispositions of property, dividends, transactions with affiliates and fundamental changes such as mergers, consolidations, and liquidations. The restricted payments include declaration or payment of dividends, repurchase of shares, or other distributions. In general, the Company can make unlimited restricted payments, if the Company's TLR is below 3.50:1 (both before and after giving effect to such payments). If the Company's TLR exceeds 3.50:1, the Company will be limited in the amount of restricted payments – primarily dividends and share repurchases – it can make up to the greater of \$50 million or 50% of consolidated EBITDA on a trailing twelve-month basis (unless the Company can rely on other restricted payment baskets available under the Senior Secured Credit Facility).

As of March 31, 2024, the Company's TLR of 8.51:1, exceeded 4.50:1, primarily due to the settlement of industry class-action lawsuits (for additional information see Note 11, *Commitments and Contingencies*). As a result, as long as the Company's TLR remains above 3.50:1, the Company will be limited in the amount of restricted payments it can make and as long as the Company's TLR remains above 4.50:1, access to borrowings under the revolving line of credit will be restricted.

With certain exceptions, any default under any of the Company's other agreements evidencing indebtedness in the amount of \$15.0 million or more constitutes an event of default under the Senior Secured Credit Facility.

Prior to July 2023, borrowings under the term loans and revolving loans accrued 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 Term Secured Overnight Financing Rate ("SOFR") on or before June 2023 (the LIBOR Rate cessation date) and the Company transitioned from LIBOR to Adjusted Term SOFR on July 31, 2023. Borrowings under the term loans and revolving loans accrue interest based on Adjusted Term SOFR, subject to the same floor of 0.50%, plus the same applicable margin of 2.50%. As of March 31, 2024, the interest rate on the term loan facility was 7.9%.

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 2023 Annual Report on Form 10-K.

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

	As of March 31, 2024				As of December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Liabilities								
Motto contingent consideration	\$ 2,200	\$ —	\$ —	\$ 2,200	\$ 2,170	\$ —	\$ —	\$ 2,170
Gadberry Group contingent consideration	474	—	—	474	590	—	—	590
Contingent consideration ^(a)	<u>\$ 2,674</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,674</u>	<u>\$ 2,760</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,760</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 40-90 franchises sold annually. This assumption is based on historical sales and an assumption of growth over time. A 10% reduction in the number of franchise sales and a 1% change to the discount rate applied to the forecast would not change the liability materially. As of March 31, 2024, 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, 2024	\$ 2,760
Fair value adjustments	34
Cash payments	(120)
Balance at March 31, 2024	<u>\$ 2,674</u>

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

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
Senior Secured Credit Facility	<u>\$ 443,644</u>	<u>\$ 417,154</u>	<u>\$ 444,580</u>	<u>\$ 421,590</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 months ended March 31, 2024.

Valuation Allowance

In the tax year ending December 31, 2023, the Company evaluated the need for a valuation allowance against its deferred tax assets and determined that in accordance with ASC 740 Income Taxes ("ASC 740"), the objective negative evidence of a three-year cumulative pre-tax net loss, primarily due to the settlement of industry class-action lawsuits, prevented the use of the Company's subjective positive evidence of expected future profitability in evaluating the realizability of its net deferred tax assets. As a result, a full valuation allowance was established against the Company's deferred tax assets. As of the first quarter of 2024, the Company expects to remain in a three-year cumulative loss and has recorded a \$0.2 million valuation allowance against its U.S. net deferred tax assets.

Tax Receivable Agreements ("TRAs")

As of March 31, 2024, the Company's total liability under the TRAs for the tax year ending December 31, 2023 is \$0.3 million. This liability is expected to be settled in the fourth quarter of 2024.

Uncertain Tax Positions

As of March 31, 2024, there have been no material changes to the Company's uncertain tax positions since December 31, 2023 and a portion of the Company's uncertain tax positions have a reasonable possibility of being settled within the next 12 months.

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 March 31,	
	2024	2023
Expense from time-based awards ^(a)	\$ 3,661	\$ 2,504
Expense from performance-based awards ^{(a)(b)}	881	717
Expense from bonus to be settled in shares ^(c)	1,381	1,230
Equity-based compensation expense	<u>\$ 5,923</u>	<u>\$ 4,451</u>

- (a) Includes \$0.2 million of expense recognized for time-based awards and \$0.3 million of expense recognized for performance-based awards for inducement awards granted to the Company's CEO, Erik Carlson, in the fourth quarter of 2023. These equity awards were made pursuant to the inducement award exception under the New York Stock Exchange Rule 303A.08 and were not granted from the 2023 Incentive Plan. All of the restricted stock units remain outstanding as of March 31, 2024.
- (b) Expense recognized for performance-based awards is re-assessed each quarter based on expectations of achievement against the performance conditions.
- (c) 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, 2024	1,066,594	\$ 18.70
Granted	1,197,039	\$ 8.67
Shares vested (including tax withholding) ^(a)	(375,288)	\$ 22.59
Forfeited	(24,591)	\$ 20.88
Balance, March 31, 2024	<u>1,863,754</u>	<u>\$ 11.45</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 March 31, 2024, there was \$15.8 million of total unrecognized expense. This compensation expense is expected to be recognized over the weighted-average remaining vesting period of 2.1 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, 2024	783,231	\$ 7.86
Granted ^(a)	423,449	\$ 13.62
Forfeited	(54,285)	\$ 21.79
Balance, March 31, 2024	<u>1,152,395</u>	<u>\$ 9.32</u>

(a) Represents the total participant target award.

As of March 31, 2024, there was \$5.1 million of total unrecognized expense. This compensation expense is expected to be recognized over the weighted-average remaining vesting period of 1.9 years.

11. Commitments and Contingencies

A number of putative class action complaints were filed against the National Association of Realtors ("NAR"), Anywhere Real Estate, Inc. (formerly Realogy Holdings Corp.), HomeServices of America, Inc. ("HSA"), RE/MAX, LLC and Keller Williams Realty, Inc ("Keller Williams"). 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 and claims against a multiple listing service ("MLS") defendant rather than NAR.

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. A trial date has not been set.

In one of the Moehrl-related antitrust litigations, filed by plaintiffs Scott and Rhonda Burnett and others in the Western District of Missouri (the "Burnett Action"), the court on April 22, 2022 granted plaintiffs' motion for class certification and a trial was set for October 2023. On September 15, 2023, RE/MAX, LLC entered into a Settlement Term Sheet (the "Settlement") with plaintiffs in the Burnett Action and Moehrl Action. The proposed Settlement would resolve all claims set forth in the Burnett Action and Moehrl Action, as well as all similar claims on a nationwide basis against RE/MAX, LLC (collectively, the "Nationwide Claims") and would release RE/MAX, LLC and the Company, their subsidiaries and affiliates, and RE/MAX sub-franchisors, franchisees and their sales associates in the United States from the Nationwide Claims. By the terms of the Settlement, RE/MAX, LLC agreed to make certain changes to its business practices and to pay a total settlement amount of \$55.0 million (the "Settlement Amount") into a qualified settlement escrow fund (the "Settlement Fund"). The Settlement Amount is expected to be deposited into the Settlement Fund in three installments per the Settlement Agreement (as defined below), of which 25% of the Settlement Amount (or \$13.8 million) was deposited during the third quarter of 2023 and 25% of the Settlement Amount (or \$13.8 million) was deposited during the fourth quarter of 2023. The final 50% is to be deposited within ten business days of final court approval of the Settlement Agreement. The Company has used – and intends to use – available cash to pay the Settlement Amount. In 2023, the Company recorded the Settlement Amount to "Settlement and impairment charges" within the Condensed Consolidated Statements of Income (Loss) with a corresponding liability recorded to "Accrued liabilities" within the Consolidated

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Condensed Balance Sheets. In addition, the first and second installments the Company paid into the Settlement Fund is included in "Restricted cash" within the Consolidated Condensed Balance Sheets.

The Settlement Agreement remains subject to final court approval and will become effective following any appeals process, if applicable. The Settlement Agreement and any actions taken to carry out the Settlement Agreement are not an admission or concession of liability, or of the validity of any claim, defense, or point of fact or law on the part of any party. RE/MAX, LLC continues to deny the material allegations of the complaints in the Burnett Action, the Moehrl Action, the Moehrl-related antitrust litigations, and the Copycat Cases (as defined below). RE/MAX, LLC entered into the Settlement after considering the risks and costs of continuing the litigation. On September 19, 2023, the Burnett court stayed deadlines as to RE/MAX, LLC. On October 5, 2023, RE/MAX, LLC entered into a definitive settlement agreement (the "Settlement Agreement") containing substantially the same material terms and conditions as provided in the Settlement. On November 20, 2023, the court granted preliminary approval of the Settlement Agreement. The court set May 9, 2024 for the final approval hearing.

On October 31, 2023, after a two-week trial, the jury in the Burnett Action found an unlawful conspiracy existed and awarded approximately \$1.8 billion against the three remaining defendants NAR, Keller Williams and HSA. The Company expects the award to be trebled. Due to the Settlement Agreement, the Company did not present a defense or participate in the trial. Following the trial, on February 1, 2024, Keller Williams entered into a settlement agreement with plaintiffs agreeing to make certain changes to its business practices and to pay a total settlement amount of \$70.0 million. On March 15, 2024, NAR and plaintiffs reached a settlement agreement. As part of that settlement, NAR agreed to pay \$418 million and make certain changes to its business practices, including prohibiting offers of compensation to buyer brokers on the MLS and requiring buyer agreements for MLS participants working with a buyer. The court granted preliminary approval of the NAR settlement on April 23, 2024. On April 25, 2024, HSA entered into a settlement agreement with the plaintiffs in which they agreed to certain changes to its business practices and to pay \$250.0 million.

In one of the other Moehrl-related antitrust litigations, filed by Jennifer Nosalek and others in the District of Massachusetts (the "Nosalek Action"), on June 30, 2023, plaintiffs filed a motion requesting preliminary approval of a settlement with MLS Property Information Network, Inc. ("MLS PIN"). The parties subsequently amended the settlement agreement on September 5, 2023, and January 5, 2024. If approved by the court, the settlement agreement requires MLS PIN to pay \$3.0 million, to eliminate the requirement that a seller must offer compensation to a buyer-broker and to amend various rules pertaining to seller notices and negotiation of buyer-broker compensation. On February 15, 2024, the U.S. Department of Justice filed a statement of interest requesting that the court deny preliminary approval of the second amended settlement agreement and recommending that the settling parties propose an injunction that prohibits offers of buyer-broker compensation by MLS PIN participants. No other defendants are part of the MLS PIN settlement. The terms of the Company's Settlement Agreement extended to plaintiffs in the Nosalek Action. On October 24, 2023, plaintiffs filed a joint notice of pending settlement and a motion to stay the Nosalek case as to RE/MAX, LLC and RE/MAX Integrated Regions, LLC for 30 days, which was granted on October 30, 2023. Plaintiffs subsequently filed a joint motion to continue the stay through final approval of the Settlement Agreement hearing scheduled in the Burnett Action for May 9, 2024.

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 to RE/MAX OA, the amended claim alleges franchisor defendants aided and abetted their respective franchisee brokerages and their salespeople in violation of Section 45(1) of the Canadian Competition Act. Among other requested relief, the Plaintiff seeks damages against the defendants and injunctive relief. On September 25, 2023, the Court dismissed the claims against RE/MAX OA, and on October 25, 2023, the Plaintiff appealed the decision and RE/MAX OA has cross appealed. A copycat lawsuit to the Sunderland Action was filed by plaintiff Kevin McFall (the "McFall Action") on January 18, 2024. The complaint makes substantially similar allegations and seeks substantially similar relief as the Sunderland Action, but alleges a national class. The McFall Action names over 70 defendants, including RE/MAX, LLC. The McFall Action and the Sunderland Action are collectively referred to as the "Canadian antitrust litigations."

On January 25, 2021, a similar action to the Moehrl-related antitrust litigations was filed in the Northern District of Illinois (the "Batton Action") alleging violations of federal antitrust law and unjust enrichment. The complaint makes substantially similar allegations and seeks similar relief as the Moehrl-related antitrust litigations but alleges harm to homebuyers rather

than sellers. The Company's motion to dismiss was granted on May 2, 2022, and the plaintiffs filed an amended complaint adding state antitrust and consumer protection claims. On February 20, 2024, the court dismissed plaintiffs' claim seeking injunctive relief for violations of the Sherman Act and dismissed certain state law claims in Tennessee and Kansas. The court denied the remainder of the Company's motion to dismiss. On April 15, 2024, the Company filed its answer and motion to dismiss.

The Company intends to vigorously defend against all remaining claims, including against any appeals. If the Settlement is not approved, the Company may become involved in additional litigation or other legal proceedings concerning the same or similar claims. As a result, the Company is unable to reasonably estimate the financial impact of the litigation beyond what has been accrued for pursuant to the terms of the Settlement Agreement and the Company cannot predict, beyond the Settlement Amount, whether resolution of these matters would have a material effect on its financial position or results of operations. The Moehrl-related antitrust litigations, the Batton Action, and the Canadian antitrust litigations 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 on April 9, 2021 in the Federal Court of Canada.

Kevin McFall v. Canadian Real Estate Association, et. al., filed on January 18, 2024 in the Federal Court of Canada.

Copycat lawsuits to the Moehrl-related antitrust litigations were filed by plaintiff Monty March in the Southern District of New York (the "March Action"), plaintiff Christina Grace in the Northern District of California (the "Grace Action"), plaintiff Willsim Latham, LLC in the Eastern District of California (the "Willsim Action"), and plaintiff Dalton Jensen in the District of Utah (the "Jensen Action") (together, the "Copycat Cases"). The Company intends to vigorously defend against all claims, including seeking to stay the lawsuits in light of the Settlement Agreement. On December 27, 2023, a motion was filed by plaintiffs in another copycat lawsuit that did not name the Company, seeking to consolidate the copycat lawsuits in a multidistrict litigation, including the Grace Action, the March Action, and the Willsim Action, and many lawsuits that did not name the Company, in the Western District of Missouri for purposes of pretrial activities (the "MDL motion"). The MDL motion was denied based on the procedural posture of the litigation and the NAR settlement, without reaching the issue of whether centralization would be appropriate. The Copycat Cases that name the Company consist of:

Monty March v. Real Estate Board of New York; Real Estate Board Of New York Listing Service; Brown Harris Stevens, LLC; Christie's International Real Estate LLC; Coldwell Banker LLC; Compass, Inc.; Core Marketing Services LLC; The Corcoran Group, Inc.; Douglas Elliman, Inc.; Elegran Real Estate, D/B/A Elegran LLC; Engel & Volkers LLC; Fox Residential Group LLC; Halstead Real Estate LLC; Homesnap Inc.; Keller Williams Nyc, LLC; Leslie J. Garfield & Co., Inc.; Level Group Inc.; M.N.S. Real Estate Nyc, LLC; Modern Spaces LLC; The Agency LLC; The Modlin Group LLC; Nest Seekers International LLC; Oxford Property Group LLC; R New York LLC; RE/MAX, LLC; Serhant LLC; Sloane Square LLC; and Sotheby's International Realty Affiliates LLC, filed on November 13, 2023 in the U.S. District Court for the Southern District of New York.

Christina Grace v. National Association of Realtors, RE/MAX Holdings, Inc., Anywhere Real Estate Inc., Keller Williams Realty, Inc., Compass, Inc., eXp World Holdings, Inc., Bay Area Real Estate Information Services, Inc., Marin Association of Realtors, North Bay Association of Realtors, Northern Solano County Association of Realtors, Inc., and Solano Association of Realtors, Inc., filed on December 8, 2023 in the U.S. District Court for the Northern District of California.

Willisim Latham, LLC v. MetroList Services, Inc., Sacramento Association of Realtors, Inc., Placer County Association of Realtors, Inc., El Dorado County Association of Realtors, Lodi Association of Realtors, Yolo County Association of Realtors, Central Valley Association of Realtors, Amador Country Association of Realtors, Nevada County Association of Realtors, Sutter-Yuba Association of Realtors, RE/MAX Holdings, Inc., Anywhere Real Estate Inc., Keller Williams Realty, Inc., eXp World Holdings, Inc., Norcal Gold Inc., Century 21 Select Real Estate, Inc., William L. Lyon & Associates, Inc. Paul M. Zagaris, Inc., Guide Real Estate, Inc., filed on January 18, 2024 in the U.S. District Court for the Eastern District of California.

Dalton Jensen v. The National Association of Realtors, Anywhere Real Estate Inc., HomeServices of America, Inc., HSF Affiliates, LLC, BHH Affiliates, LC, RE/MAX, LLC, Keller Williams LLC, Keller Williams of Salt Lake, KW St. George Keller Williams Realty, KW Westfield, Equity Real Estate, Century 21 Everest, Realtypath, LLC, Windemere Real Estate SVCS. Co., filed on February 9, 2024 in the U.S. District Court for the District of Utah.

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 2023 Annual Report on Form 10-K.

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

	Three Months Ended March 31,	
	2024	2023
Continuing franchise fees	\$ 28,365	\$ 29,547
Annual dues	8,225	8,618
Broker fees	10,716	10,892
Franchise sales and other revenue	7,142	11,573
Total Real Estate	54,448	60,630
Continuing franchise fees	2,720	2,529
Franchise sales and other revenue	913	659
Total Mortgage	3,633	3,188
Marketing Funds fees	20,206	21,342
Other	—	241
Total revenue	\$ 78,287	\$ 85,401

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

	Three Months Ended March 31,	
	2024	2023
Adjusted EBITDA: Real Estate	\$ 20,203	\$ 22,692
Adjusted EBITDA: Mortgage	(1,161)	(2,597)
Adjusted EBITDA: Other	(49)	(175)
Adjusted EBITDA: Consolidated	18,993	19,920
Equity-based compensation expense	(5,923)	(4,451)
Acquisition-related expense ^(a)	—	(37)
Fair value adjustments to contingent consideration ^(b)	(34)	4
Restructuring charges ^(c)	32	(39)
Other ^(d)	(1,064)	(410)
Interest income	1,001	1,004
Interest expense	(9,256)	(8,245)
Depreciation and amortization	(7,852)	(8,033)
Income (loss) before provision for income taxes	<u>\$ (4,103)</u>	<u>\$ (287)</u>

- (a) Acquisition-related expense includes personnel, legal, accounting, advisory and consulting fees incurred in connection with the acquisition activities and integration of acquired companies.
- (b) 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.
- (c) During the third quarter of 2023, the Company announced a reduction in force and reorganization intended to streamline the Company's operations and yield cost savings over the long term. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (d) Other is primarily made up of employee retention related expenses from the Company's CEO transition.

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, 2023 ("2023 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 conditions and trends; economic and demographic trends; competition; the anticipated benefits of our strategic initiatives; our anticipated sources and uses of liquidity including for potential acquisitions; capital expenditures; future litigation expenses, including antitrust litigations; our credit agreement including total leverage ratio and any future excess cash flow payments; 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 2023 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, primarily 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 March 31, 2024

(Compared to the three months ended March 31, 2023, unless otherwise noted)

- Total revenue of \$78.3 million, a decrease of 8.3% from the prior year.
- Revenue excluding the Marketing Funds ^(a) decreased 9.3% to \$58.1 million, driven by negative organic revenue growth^(b) of 9.3%.
- Net income (loss) attributable to RE/MAX Holdings, Inc. of (\$3.4) million, compared to (\$0.7) million in the prior year.

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- Adjusted EBITDA^(c) of \$19.0 million and Adjusted EBITDA margin^(c) of 24.3% compared to Adjusted EBITDA of \$19.9 million and Adjusted EBITDA margin of 23.3% in the prior year.
 - Total agent count decreased 0.2% to 143,287 agents.
 - U.S. and Canada combined agent count decreased 4.3% to 78,955 agents.
 - Total open Motto Mortgage offices increased 4.7% to 243 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).
- (c) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures of financial performance that differ from U.S. GAAP. 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.

While effective cost management led to solid first-quarter margin performance, current market conditions caused in large part by higher interest rates continue to provide a challenging business environment, which has resulted in declines in U.S. agent count and Total revenue. We extended a modified pilot program designed to attract and grow teams of real estate agents to the majority of the United States as of April 1, 2024. The expanded program offers an alternative fee structure for eligible teams that is designed to support and encourage growth of medium to large-sized teams. To activate the program's financial incentives, a brokerage in an eligible state must add any combination of six new team leaders/members. All new agents must be from outside the network and be on an active team; individual agents don't count. The financial incentives are only available to teams that have at least six members (a team leader plus at least five team members or licensed assistants) who market together and operate from the same office at qualifying brokerages.

The real estate industry faces uncertainty as a result of industry litigation, including the National Association of Realtors ("NAR") recent settlement of class action cases that include changes in business practices (the settlement remains subject to final court approval). Among the business practice changes that NAR agreed to are removing offers of buyer agent compensation from being displayed on MLS listings and requiring buyer broker agreements. Shortly after the NAR settlement was announced, we initiated outreach to our RE/MAX affiliates focused on education and resources about the anticipated changes in business practices. We have developed materials and resources to help our affiliates navigate the post-settlement landscape. There are also other potential legal and regulatory proceedings related to NAR and MLS listing practices that create further uncertainty for RE/MAX and the real estate industry.

As previously disclosed, RE/MAX, LLC entered into a Settlement Term Sheet (the "Settlement") with plaintiffs in the industry litigation on September 15, 2023. Pursuant to the terms of the Settlement, RE/MAX, LLC agreed to make certain changes to its business practices and to pay a total settlement amount of \$55.0 million (the "Settlement Amount") into a qualified settlement escrow fund (the "Settlement Fund"). The first two installments were paid into the Settlement Fund in the second half of 2023, totaling \$27.5 million, and are included in "Restricted cash" within the Consolidated Condensed Balance Sheets. The hearing on final approval of RE/MAX, LLC's settlement agreement is scheduled for May 9, 2024. Should the court grant final approval of the settlement agreement, the final installment of \$27.5 million is required to be deposited into the Settlement Fund within ten business days, and we expect to fund the final installment with existing cash balances. As a result, we are focused in the near term on rebuilding our cash reserves.

Selected Operating and Financial Highlights

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

	As of March 31,		2024 vs. 2023	
	2024	2023	#	%
Agent Count:				
U.S.				
Company-Owned Regions	47,302	50,340	(3,038)	(6.0)%
Independent Regions	6,617	7,110	(493)	(6.9)%
U.S. Total	53,919	57,450	(3,531)	(6.1)%
Canada				
Company-Owned Regions	20,151	20,172	(21)	(0.1)%
Independent Regions	4,885	4,899	(14)	(0.3)%
Canada Total	25,036	25,071	(35)	(0.1)%
U.S. and Canada Total	78,955	82,521	(3,566)	(4.3)%
Outside U.S. and Canada				
Independent Regions	64,332	61,002	3,330	5.5 %
Outside U.S. and Canada Total	64,332	61,002	3,330	5.5 %
Total	143,287	143,523	(236)	(0.2)%
RE/MAX open offices:				
U.S.	3,293	3,423	(130)	(3.8)%
Canada	942	970	(28)	(2.9)%
U.S. and Canada Total	4,235	4,393	(158)	(3.6)%
Outside U.S. and Canada	4,644	4,787	(143)	(3.0)%
Total	8,879	9,180	(301)	(3.3)%
Motto open offices ⁽¹⁾:	243	232	11	4.7 %

	Three Months Ended March 31,		2024 vs. 2023	
	2024	2023	#	%
RE/MAX franchise sales:				
U.S.	25	56	(31)	(55.4)%
Canada	8	11	(3)	(27.3)%
U.S. and Canada Total	33	67	(34)	(50.7)%
Outside U.S. and Canada	112	139	(27)	(19.4)%
Total	145	206	(61)	(29.6)%
Motto franchise sales ⁽¹⁾:	4	10	(6)	(60.0)%

(1) As of March 31, 2024 and 2023, there were 65 and 56 offices, respectively, that we are offering short-term financial relief and are temporarily either not being billed and/or having associated revenue recognized.

	Three Months Ended March 31,	
	2024	2023
Total revenue	\$ 78,287	\$ 85,401
Total selling, operating and administrative expenses	\$ 45,705	\$ 49,115
Operating income (loss)	\$ 4,524	\$ 6,911
Net income (loss)	\$ (5,607)	\$ (679)
Net income (loss) attributable to RE/MAX Holdings, Inc.	\$ (3,353)	\$ (671)
Adjusted EBITDA ⁽¹⁾	\$ 18,993	\$ 19,920
Adjusted EBITDA margin ⁽¹⁾	24.3 %	23.3 %

(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 March 31, 2024 and 2023

Revenue

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

	Three Months Ended March 31,		Change Favorable/(Unfavorable)	
	2024	2023	\$	%
Revenue:				
Continuing franchise fees	\$ 31,085	\$ 32,076	\$ (991)	(3.1)%
Annual dues	8,225	8,618	(393)	(4.6)%
Broker fees	10,716	10,892	(176)	(1.6)%
Marketing Funds fees	20,206	21,342	(1,136)	(5.3)%
Franchise sales and other revenue	8,055	12,473	(4,418)	(35.4)%
Total revenue	<u>\$ 78,287</u>	<u>\$ 85,401</u>	<u>\$ (7,114)</u>	<u>(8.3)%</u>

	Three Months Ended March 31,		Change Favorable/(Unfavorable)	
	2024	2023	\$	%
Revenue excluding the Marketing Funds:				
Total revenue	\$ 78,287	\$ 85,401	\$ (7,114)	(8.3)%
Less: Marketing Funds fees	20,206	21,342	(1,136)	(5.3)%
Revenue excluding the Marketing Funds	<u>\$ 58,081</u>	<u>\$ 64,059</u>	<u>\$ (5,978)</u>	<u>(9.3)%</u>

RE/MAX Holdings generated revenue of \$78.3 million in the first quarter of 2024, a decrease of \$7.1 million, or 8.3%, compared to \$85.4 million in the same period in 2023. Revenue excluding the Marketing Funds was \$58.1 million in the first quarter of 2024, a decrease of \$6.0 million, or 9.3%, compared to \$64.1 million in the same period in 2023. This decrease was attributable to negative organic revenue growth of 9.3%. Negative organic revenue growth was driven by a reduction in revenue from our annual RE/MAX agent convention, due to the 50th anniversary celebration in the prior year, and a decrease in U.S. agent count, partially offset by higher Mortgage segment revenue.

Continuing Franchise Fees

Revenue from Continuing franchise fees decreased primarily due to a reduction in U.S. agent count, partially offset by higher Mortgage segment revenue.

Broker Fees

Revenue from Broker fees decreased primarily due to a reduction in U.S. agent count, partially offset by an increase in average home sales price.

Marketing Funds Fees and Marketing Funds Expenses

Revenue from Marketing Funds fees decreased primarily due to a reduction in U.S. agent count. 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 a reduction in revenue of approximately \$3.3 million from our annual RE/MAX agent convention as a result of lower attendance due to the 50th anniversary celebration 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 March 31,		Change Favorable/(Unfavorable)	
	2024	2023	\$	%
Operating expenses:				
Selling, operating and administrative expenses	\$ 45,705	\$ 49,115	\$ 3,410	6.9 %
Marketing Funds expenses	20,206	21,342	1,136	5.3 %
Depreciation and amortization	7,852	8,033	181	2.3 %
Total operating expenses	<u>\$ 73,763</u>	<u>\$ 78,490</u>	<u>\$ 4,727</u>	<u>6.0 %</u>
Percent of revenue	<u>94.2 %</u>	<u>91.9 %</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.

	Three Months Ended March 31,		Change Favorable/(Unfavorable)	
	2024	2023	\$	%
Selling, operating and administrative expenses:				
Personnel	\$ 25,832	\$ 25,019	\$ (813)	(3.2)%
Professional fees	2,927	3,380	453	13.4 %
Lease costs	1,898	1,974	76	3.9 %
Other	15,048	18,742	3,694	19.7 %
Total selling, operating and administrative expenses	<u>\$ 45,705</u>	<u>\$ 49,115</u>	<u>\$ 3,410</u>	<u>6.9 %</u>
Percent of revenue	<u>58.4 %</u>	<u>57.5 %</u>		

Total Selling, operating and administrative expenses decreased as follows:

- Personnel costs increased primarily due to an increase in equity compensation expense and an increase due to employee retention related expense, partially offset by lower compensation expense due to a reduction in average headcount.
- 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 decreased due to a reduction in expenses from our annual RE/MAX agent convention as a result of lower attendance due the 50th anniversary celebration in the prior year.

Other Expenses, Net

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

	Three Months Ended March 31,		Change Favorable/(Unfavorable)	
	2024	2023	\$	%
Other expenses, net:				
Interest expense	\$ (9,256)	\$ (8,245)	\$ (1,011)	(12.3)%
Interest income	1,001	1,004	(3)	n/m
Foreign currency transaction gains (losses)	(372)	43	(415)	n/m
Total other expenses, net	\$ (8,627)	\$ (7,198)	\$ (1,429)	(19.9)%
Percent of revenue	11.0 %	8.4 %		

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

The comparison of the effective income tax rates ("EITR") for the three months ended March 31, 2024 and 2023 is not meaningful. For the three months ended March 31, 2024 the EITR was mainly impacted by a valuation allowance against first quarter domestic losses, foreign withholding and income tax expense. For the three months ended March 31, 2023, the EITR included tax effects of discrete items that are significant as a percentage of loss before provision for income taxes, including the impact from vesting of equity based compensation where tax deductible expense was less than GAAP expense.

In addition, our EITR 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 \$19.0 million for the three months ended March 31, 2024, a decrease of \$0.9 million from the comparable prior year period. Adjusted EBITDA decreased due to lower revenue resulting primarily from a decrease in U.S. agent count and the net impact of our annual RE/MAX agent convention, as a result of lower attendance due to the 50th anniversary celebration in the prior year, partially offset by lower compensation expense and lower legal fees.

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.

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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 and sublease, 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;
- these measures do not reflect the cash requirements for the settlement of industry class-action lawsuits and other legal settlements;
- 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.

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

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	\$ (5,607)	\$ (679)
Depreciation and amortization	7,852	8,033
Interest expense	9,256	8,245
Interest income	(1,001)	(1,004)
Provision for income taxes	1,504	392
EBITDA	12,004	14,987
Equity-based compensation expense	5,923	4,451
Acquisition-related expense ⁽¹⁾	—	37
Fair value adjustments to contingent consideration ⁽²⁾	34	(4)
Restructuring charges ⁽³⁾	(32)	39
Other ⁽⁴⁾	1,064	410
Adjusted EBITDA	\$ 18,993	\$ 19,920

- (1) Acquisition-related expense includes personnel, legal, accounting, advisory and consulting fees incurred in connection with acquisition activities and integration of acquired companies.
- (2) 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.
- (3) During the third quarter of 2023, we announced a reduction in force and reorganization intended to streamline our operations and yield cost savings over the long term. See Note 2, *Summary of Significant Accounting Policies* for additional information.
- (4) Other is primarily made up of employee retention related expenses from our CEO transition.

Liquidity and Capital Resources

Overview of Factors Affecting Our Liquidity

Our liquidity position is primarily 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, including any early 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;
- (x) the settlement of industry class-action lawsuits and other legal settlements; and
- (xi) 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 fund the acquisition of RE/MAX INTEGRA ("INTEGRA") and 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 Senior Secured Credit 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 is guaranteed by RMCO and is secured by a lien on substantially all of the assets of RE/MAX, LLC and other operating companies.

The Senior Secured Credit Facility requires us to repay term loans at approximately \$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. The TLR is calculated based on RE/MAX, LLC's consolidated indebtedness and consolidated EBITDA, both defined in the Senior Secured Credit Facility. As of March 31, 2024, RE/MAX, LLC's consolidated EBITDA, as defined in the Senior Secured Credit Facility, was \$42.8 million on a trailing twelve-month basis. 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 our TLR as of the last day of such fiscal year is less than 3.75:1, no repayment from ECF is required. We evaluated if an ECF payment was required as of December 31, 2023, pursuant to the terms of the Senior Secured Credit Facility and determined no ECF payment was required.

In addition, if any amounts are drawn under the revolving line of credit under the Senior Secured Credit Facility the terms of the Senior Secured Credit Facility require the TLR to not exceed 4.50:1 at the last day of any period of four consecutive fiscal quarters. If the TLR remains above 4.50:1, access to borrowings under the revolving line of credit is restricted. A commitment fee of 0.5% per annum (subject to reductions) accrues on the amount of unutilized revolving line of credit regardless of our TLR. As of the date of this report, no amounts were drawn on the revolving line of credit. We expect the earliest the TLR will fall below 4.50:1 is during the third quarter of 2024.

We are also limited in the amount of restricted payments we can make, as defined in the Senior Secured Credit Facility, as it provides for customary restrictions on, among other things, additional indebtedness, restricted payments, liens, dispositions of property, dividends, transactions with affiliates and fundamental changes such as mergers, consolidations, and liquidations. The restricted payments include declaration or payment of dividends, repurchase of shares, or other distributions. In general, we can make unlimited restricted payments, if the TLR is below 3.50:1 (both before and after giving effect to such payments). If the TLR exceeds 3.50:1, we will be limited in the amount of restricted payments – primarily dividends and share repurchases – we can make up to the greater of \$50 million or 50% of consolidated EBITDA on a trailing twelve-month basis (unless we can rely on other restricted payment baskets available under the Senior Secured Credit Facility).

As of March 31, 2024, the TLR of 8.51:1, exceeded 4.50:1, primarily due to the settlement of industry class-action lawsuits (for additional information see Note 11, Commitments and Contingencies). As a result, as long as the TLR remains above 3.50:1, we will be limited in the amount of restricted payments we can make and as long as the TLR remains above 4.50:1, access to borrowings under the revolving line of credit will be restricted. We expect that the earliest the TLR will fall below 4.50:1 is during the third quarter of 2024.

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.

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Prior to July 2023, borrowings under the term loans and revolving loans accrued 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 transitioned from LIBOR to Adjusted Term SOFR on July 31, 2023. Borrowings under the term loans and revolving loans accrue interest based on Adjusted Term SOFR, subject to the same floor of 0.50%, plus the same applicable margin of 2.50%. As of March 31, 2024, the interest rate on the term loan facility was 7.9%.

As of March 31, 2024, we had \$447.4 million of term loans outstanding, excluding any unamortized discount and issuance costs, and no revolving loans outstanding under our Senior Secured Credit Facility.

Sources and Uses of Cash

As of March 31, 2024 and December 31, 2023, we had \$82.1 million and \$82.6 million, respectively, of cash and cash equivalents, of which approximately \$33.0 million and \$32.5 million, respectively, were denominated in foreign currencies.

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

	Three Months Ended March 31,	
	2024	2023
Cash provided by (used in):		
Operating activities	\$ 9,381	\$ 3,064
Investing activities	(2,430)	(1,294)
Financing activities	(4,353)	(15,849)
Effect of exchange rate changes on cash	(925)	34
Net change in cash, cash equivalents and restricted cash	<u>\$ 1,673</u>	<u>\$ (14,045)</u>

Operating Activities

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

- an increase due to lower spend in the Marketing Funds resulting in lower net use of restricted cash in the current year;
- an increase due to higher tax payments in the prior year of \$0.7 million; offset by,
- a decrease due to higher interest payments of \$0.8 million, due to higher interest rates in the current year;
- a decrease in Adjusted EBITDA of \$0.9 million; and
- timing differences on various operating assets and liabilities.

Investing Activities

During the three months ended March 31, 2024, the change in cash used in investing activities was primarily the result of higher building refresh spend on leased buildings other than our corporate headquarters as compared to the prior year.

Financing Activities

During the three months ended March 31, 2024, the change in cash used in financing activities was primarily due to lower dividends paid to Class A common stockholders and distributions paid to noncontrolling interests due to the suspension of our quarterly dividend and lower allocation of capital to our share repurchase program.

Capital Allocation Priorities

Liquidity

Our objective is to maintain a strong liquidity position. We have existing cash balances, cash flows from operating activities, 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 \$2.6 million and \$1.5 million for the three months ended March 31, 2024 and 2023, respectively. These amounts primarily relate to building refresh spend on leased buildings other than our corporate headquarters refresh and 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 2024 are expected to be between \$7.0 million and \$9.0 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 in 2023, as disclosed in Note 4, *Earnings Per Share and Dividends*. In the fourth quarter of 2023, our Board of Directors suspended our quarterly dividend. In light of the pending litigation settlement and ongoing challenging housing and mortgage market conditions, we believe this action to preserve our capital is prudent.

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 three months ended March 31, 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. During the three months ended March 31, 2024, we did not repurchase any shares of our Class A common stock. As of March 31, 2024, \$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, payment and timing of any such future dividend, or in the form of share buybacks, will be at the sole discretion of our Board of Directors who will take into account general economic, housing and mortgage market conditions, the Company's financial condition, available cash, current and anticipated cash needs, any applicable restrictions pursuant to the terms of our Senior Secured Credit Facility and any other factors that the Board of Directors considers relevant.

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):

	Three Months Ended March 31,	
	2024	2023
Distributions and other payments pursuant to the RMCO, LLC Agreement:		
Dividend distributions	\$ —	\$ 2,889
Total distributions to RIHI	—	2,889
Payments pursuant to the TRAs	537	—
Total distributions to RIHI and TRA payments	\$ 537	\$ 2,889

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 March 31, 2024.

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 2023 Annual Report on Form 10-K for which there were no material changes, included:

- 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 three months ended March 31, 2024 and 2023 bad debt expense was 1.7% and 1.9% 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 March 31, 2024, \$447.4 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 September 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%. We transitioned 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 the same floor of 0.50%, plus the same applicable margin of 2.50%.

As of March 31, 2024, the interest rate was 7.9%. 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 months ended March 31, 2024, 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 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 March 31, 2024 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 March 31, 2024 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 2023 Annual Report on Form 10-K. There have been no material changes to the risk factors as disclosed in our 2023 Annual Report on Form 10-K.

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 March 31, 2024:

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
Jan 1-31	—	\$ —	\$ 62,491,567
Feb 1-29	—	\$ —	\$ 62,491,567
Mar 1-31	—	\$ —	\$ 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 March 31, 2024. As of March 31, 2024, \$62.5 million remains under the program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the three months ended March 31, 2024, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

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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	
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†					X
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
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

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<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>
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: May 2, 2024

By: /s/ Erik Carlson
Erik Carlson
Chief Executive Officer
(Principal Executive Officer)

Date: May 2, 2024

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

Date: May 2, 2024

By: /s/ Leah R. Jenkins
Leah R. Jenkins
Chief Accounting Officer
(Principal Accounting Officer)

RE/MAX HOLDINGS, INC. 2023 OMNIBUS INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name:

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the RE/MAX Holdings, Inc. 2023 Omnibus Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number:

Date of Award:

Target Number of Restricted Stock
Units Awarded (the "Target Award")*:

Performance Period:

*Subject to Section 3(c) of the Agreement, the actual number of Restricted Stock Units (the "Units") that vest will range from % to % of each Tranche (as defined below) of the Target Award, depending on the extent to which applicable vesting requirements are satisfied, as determined by the Administrator.

*Note that Section 3(c) of the Agreement contains an important limitation that could affect the number of Units that vest, notwithstanding anything to the contrary in the Plan, this Notice, or the Agreement.

Performance Periods:

The Target Award shall be divided into three equal tranches (subject to rounding to the nearest full Unit) (each a "Tranche"), each of which shall correspond to a one-year Performance Period (each, a "Performance Period" and collectively, the "Performance Periods"). The performance period for the first Tranche is the calendar year in which the award is granted (the "First Performance Period"). The calendar year following the First Performance Period is the "Second Performance Period" and the calendar year following the Second Performance Period is the "Third Performance Period."

Vesting Schedules:

Except as otherwise set forth below, subject to the Grantee's Continuous Service through the last business day of the Third Performance Period (the "Vesting Date"), and the other limitations set forth in this Notice, the Agreement and the Plan, the Award will vest as set forth below.

Vesting of each Tranche will be based on Revenue achievement during the corresponding Performance Period.

Each Performance Period shall have a Threshold Revenue level, a Target Revenue level, and a Stretch Revenue level (collectively referred to as the "Performance Levels"), each of which shall be determined by the Administrator and communicated to the Grantee no later than March 31 of the applicable Performance Period. The percentage of each Tranche that vests for each Performance Period

shall be determined by the Administrator following the end of the Performance Period, based on the table below. If, for any Performance Period, Revenue is between two Performance Levels, then the portion of the Target Award that vests for the Tranche corresponding to that Performance Period will be determined using linear interpolation. Following the end of each Performance Period, the award shall remain unvested subject to the Grantee's Continuous Service through the Vesting Date.

If Revenue is:	Then, the % of the Revenue Target Award That Vests is:*
Below Threshold Revenue	%
equal to Threshold Revenue	%
equal to Target Revenue	%
equal to or greater than Stretch Revenue	%

For purposes of the vesting schedules, "Revenue" means, as determined by the Administrator, the Company's revenue during the applicable Performance Period, determined in accordance with generally accepted accounting principles, as reported in the Company's periodic filings with the Securities and Exchange Commission (including revenue from any acquisitions), plus (or minus) pro-forma adjustments for extraordinary events (such as fee waivers for unusual events such as natural disasters), as may be determined by the Administrator in good faith. In setting the Performance Levels of a Performance Period, expected revenue from acquisitions for the first nine months after closing shall not be taken into account. If an acquisition occurs before March 31 of any Performance Period but after the Performance Level for such Performance Period was determined by the Administrator, the Performance Level for that Performance Period shall be increased by the amount of expected revenue from the acquisition during the portion of the Performance Period that is more than nine months after the acquisition.

Notwithstanding anything to the contrary, in the event of a Change in Control prior to the Vesting Date in connection with which the Award is not assumed or converted into an equivalent award by the acquiring or successor entity (or a Parent thereof), then, to the extent the Award is then outstanding and unvested, subject to the Grantee's Continuous Service through the date of such Change in Control (the "Transaction Date") each Tranche shall vest as follows:

(i) each Tranche corresponding to a Performance Period that is completed on or prior to the Transaction Date shall vest based on Revenue during the corresponding Performance Period;

(ii) If the Transaction Date occurs prior to the last day of a Performance Period, the Tranche corresponding to the Performance Period in which the Transaction Date falls shall vest based on the greater of (a) the amount that would vest based on revenue for that Performance Period through the end of the most recently completed calendar month ending on or prior to the Transaction Date, except that, for purposes of determining such vesting, the Performance Levels for that Performance Period shall each be multiplied by a fraction, the numerator of which shall be the total number of completed calendar months that have elapsed in the Performance Period through Transaction Date and the denominator of which shall be 12 and (b) the Target Revenue level; and

(iii) each Tranche corresponding to a Performance Period that has not begun as of the Transaction Date shall vest at the Target Revenue level.

Notwithstanding the foregoing, in the event of a Change in Control during the Performance Period in connection with which the Award is assumed or converted into an equivalent award by the acquiring or successor entity (or a Parent thereof), then, immediately prior to such assumption or conversion, the Award shall be modified such that the Award (i) covers a number of Units equal to the number of Units that would have vested pursuant to the immediately preceding paragraph had the Award not been assumed or converted into an equivalent award by the acquiring or successor entity (or a Parent thereof) in connection with such Change in Control and (ii) vests as to 100% of such covered Units on the last day of the Third Performance Period, subject to the Grantee's Continuous Service through such last day, provided that if, during the 24-month period following such Change in Control, the Grantee's Continuous Service is terminated by such entity (or a Related Entity) without Cause, or by Grantee for Good Reason, or if the Grantee's Continuous Service terminates due to death or Disability, the Award shall vest as to 100% of such covered Units on the day of such termination.

For this purpose, "Cause" means, with respect to the termination by such entity (or a Related Entity) of the Grantee's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Grantee and such entity (or a Related Entity), or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of such entity (or a Related Entity); (ii) dishonesty, intentional misconduct or material breach of any agreement with such entity (or a Related Entity); or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

For this purpose, "Good Reason" means, with respect to the termination by Grantee of Grantee's Continuous Service, that such termination is for "Good Reason" as such term (or word(s) of like import) is expressly defined in a then-effective written agreement between the Grantee and such entity (or a Related Entity), or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, without the Grantee's consent, (i) a diminution in the combined value of the Grantee's annual base salary, annual bonus opportunity and annual long-term incentive opportunity (based on the grant date fair value if in the form of equity-based incentives and based on the "target" cash potential if in the form of cash-based incentives) or a diminution of more than 10% in any one such component of compensation, (ii) a material diminution in the Grantee's title, authority, duties or responsibilities, (iii) a change of more than 30 miles in the geographic location at which the Grantee must perform his/her services for such entity, (iv) a material change in work-related travel expectations or remote versus in person attendance requirements, or (v) a material breach by such entity (or a Related Entity) of any material written agreement between the Grantee and the such entity (or a Related Entity). Grantee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder; provided, however, none of these events or conditions shall constitute Good Reason unless: (a) Grantee provides the Company with written objection to the event or condition within 90 days following the date the Participant becomes first becomes aware of such event or condition; (b) the Company does not reverse or otherwise cure the event or condition within 30 days of receiving that written objection; and (c) Grantee terminates his or her employment within 30 days following the expiration of such 30-day cure period.

In the event of the Grantee's change in status from Employee to Consultant or Director, the determination of whether such change in status results in a termination of Continuous Service will be determined in accordance with Section 409A of the Code.

To the extent an Award is deferred pursuant to an election intended to qualify as a deferral election of performance-based compensation, the term Disability shall have the meaning set forth in Treasury Regulations Section 1.409A-1(e); otherwise the term Disability shall have the meaning set forth in the Plan.

For purposes of this Notice and the Agreement, the term “vest” shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company.

Except as otherwise provided above, if the Grantee’s Continuous Service terminates for any reason on or before the last day of the Performance Period, other than due to death or Disability, the Units shall immediately be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee. If the Grantee’s Continuous Service terminates due to the Grantee’s death or Disability during the Performance Period and prior to a Change in Control, (i) if Grantee’s Continuous Service terminates after the completion of one or more Performance Periods, the Tranche(s) corresponding to such Performance Period(s) shall vest on the date of termination based on Revenue during the corresponding Performance Period(s), (ii) if Grantee’s Continuous Service terminates during a Performance Period, the Tranche corresponding to such Performance Period shall vest on the date of termination based on Revenue through the end of the Company’s most recently completed calendar month ending on or prior to such termination, except that, for purposes of determining such vesting, the Performance Levels for that Performance Period shall each be multiplied by a fraction, the numerator of which shall be the total number of completed calendar months that have elapsed in the Performance Period through the date of such termination, and the denominator of which shall be 12, and (iii) any Tranche(s) of the Award corresponding to any Performance Period(s) that had not begun as of the date of termination shall be forfeited.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

RE/MAX Holdings, Inc.,
a Delaware corporation

By:

[Name]

[Title]

[Date]

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE’S CONTINUOUS SERVICE OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE

GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee further agrees and acknowledges that this Award is a non-elective arrangement pursuant to Section 409A of the Code.

The Grantee further acknowledges that, from time to time, the Company may be in a “blackout period” and/or subject to applicable federal securities laws that could subject the Grantee to liability for engaging in any transaction involving the sale of the Company’s Shares. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee’s responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules or other applicable federal securities laws.

The Grantee understands that the Award is subject to the Grantee’s consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the “Plan Documents”) in electronic form on the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable. By signing below (or providing an electronic signature by clicking below) and accepting the grant of the Award, the Grantee: (i) consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable; (ii) represents that the Grantee has access to the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable; (iii) acknowledges receipt of electronic copies, or that the Grantee is already in possession of paper copies, of the Plan Documents; and (iv) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents.

If Grantee does not sign this grant within 90 days of the Award Date, the Award shall be deemed rejected by the Grantee and Grantee shall have no right to the Award or the Units.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee’s consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 8 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 9 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date:

Name:
Award Number:

RE/MAX HOLDINGS, INC. 2023 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. RE/MAX Holdings, Inc., a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Award (the “Notice”) an award (the “Award”) of up to []% of the Target Number of Restricted Stock Units Awarded set forth in the Notice (the “Units”), subject to the Notice, this Restricted Stock Unit Agreement (the “Agreement”) and the terms and provisions of the Company’s 2023 Omnibus Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Section 3(b), as soon as administratively feasible (but in all events not more than 70 days) following Vesting Date (or, if earlier, the day the Award vests), one Share shall be issued for each Unit that vests, subject to satisfaction of any required tax or other withholding obligations, with any fractional Unit discarded and not converted into a fractional Share.

(b) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain “specified employees” of certain publicly-traded companies); in such event, any Shares to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee’s termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period. Further, the Company shall delay the issuance of any Shares under this Section 3 as provided in any deferred compensation arrangement that Grantee has entered into and that has been approved by the Company (such arrangement, a “Compensation Deferral Arrangement”).

(c) Notwithstanding anything to the contrary, in the event the number of Shares to be issued pursuant to all performance-based RSU awards with the same performance period as this Award (collectively, the “Performance Awards”), together with all time-based RSU awards that are scheduled to vest on March 1, 2027, exceeds the number of Shares available for issuance under the Plan (after taking into account share withholding for tax withholding obligations, if applicable), the Administrator shall have the authority, in its discretion, to reduce the number of Units that vest and the corresponding number of Shares to be issued pursuant to this Award (provided that, if the number of Units that vest pursuant to this Award is reduced, other Performance Awards shall also be reduced on a pro rata basis) in order to ensure that the number of Shares issued pursuant to outstanding awards (including time based awards and performance based awards) does not exceed the number of Shares available for issuance under the Plan.

4. Right to Shares and Dividends; Dividend Equivalent Rights. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee, except that Dividend Equivalent Rights shall be earned with respect to Units that vest. The amount of Dividend Equivalent Rights earned with respect to each such Unit that vests shall be equal to the total

ordinary cash dividends, if any, declared on a Share where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued upon vesting of the Unit. Any Dividend Equivalent Rights earned shall be paid in cash to the Grantee when the Shares subject to the vested Units to which they relate are issued (provided, that, to the extent issuance of Shares in settlement of the Award is deferred pursuant to an applicable Compensation Deferral Arrangement, any Dividend Equivalent Rights Grantee is entitled to under this Agreement shall be paid as set forth in the Compensation Deferral Arrangement). No Dividend Equivalent Rights shall be earned or paid with respect to any Units that do not vest. Dividend Equivalent Rights shall not accrue interest.

5. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalent rights. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting or issuance of Shares) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company.

(i) *By Share Withholding.* If permissible under Applicable Law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares.* The Grantee's acceptance of this Award constitutes the Grantee's authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to, upon the exercise of Company's sole discretion, sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the minimum applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises or as soon thereafter as practicable. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's minimum Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

Notwithstanding the foregoing, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

6. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

9. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for Colorado (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Colorado state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as

amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. Notwithstanding anything in this Agreement or the Plan to the contrary, to the extent the Award is determined to be subject to Section 409A of the Code and Shares will be issued pursuant to the Award on account of such Change in Control, no Change in Control shall be deemed to have occurred for purposes of this Award unless such Change in Control also constitutes a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as those terms are used in Section 409A of the Code. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

END OF AGREEMENT

Certification

I, Erik Carlson, 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: May 2, 2024

/s/ Erik Carlson

Erik Carlson

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: May 2, 2024

/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 March 31, 2024 (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 March 31, 2024 and December 31, 2023, and for the three months ended March 31, 2024 and 2023.

Date: May 2, 2024

/s/ Erik Carlson

Erik Carlson

Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2024

/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.
