



RE/MAX HOLDINGS, INC. REPORTS FIRST QUARTER 2024 RESULTS

Total Revenue of \$78.3 Million, Adjusted EBITDA of \$19.0 Million

DENVER, May 2, 2024

First Quarter 2024 Highlights

(Compared to first quarter 2023 unless otherwise noted)

- Total Revenue decreased 8.3% to \$78.3 million
- Revenue excluding the Marketing Funds¹ decreased 9.3% to \$58.1 million, driven by negative 9.3% organic growth²
- Net loss attributable to RE/MAX Holdings, Inc. of \$3.4 million and loss per diluted share (GAAP EPS) of \$0.18
- Adjusted EBITDA³ decreased 4.7% to \$19.0 million, Adjusted EBITDA margin³ of 24.3% and Adjusted earnings per diluted share (Adjusted EPS³) of \$0.20
- Total agent count decreased 236 agents, or 0.2%, to 143,287 agents
- U.S. and Canada combined agent count decreased 4.3% to 78,955 agents
- Total open Motto Mortgage franchises increased 4.7% to 243 offices⁴

Operating Statistics as of April 30, 2024

(Compared to April 30, 2023, unless otherwise noted)

- Total agent count decreased 672 agents, or 0.5%, to 143,087 agents
- U.S. and Canada combined agent count decreased 4.4% to 78,741 agents
- Total open Motto Mortgage franchises increased 4.3% to 244 offices⁴

RE/MAX Holdings, Inc. (the “Company” or “RE/MAX Holdings”) (NYSE: RMAX), parent company of RE/MAX one of the world’s leading franchisors of real estate brokerage services, and Motto Mortgage (“Motto”), the first national mortgage brokerage franchise brand in the U.S., today announced operating results for the quarter ended March 31, 2024.

“Effective cost management led to solid first-quarter margin performance, as we continue to operate our business as efficiently as possible amidst an environment of uncertainty,” said Erik Carlson, RE/MAX Holdings Chief Executive Officer. “This, coupled with our growth mindset and a focus on delivering the absolute best customer experience, are the cornerstones of our playbook, supported by RE/MAX agents who are among the highest quality and most trusted in the profession.

Carlson continued: “A widely respected industry survey recently confirmed RE/MAX agents are the most productive in the U.S., outperforming competitors at participating large brokerages 2-to-1, for the 16th year in a row. Our industry-leading productivity – a hallmark of our brand – continues to differentiate us from the competition and is a major reason we have succeeded over the past 51 years. It is also why we are confident we will successfully navigate today’s housing market and evolving real estate industry.”

First Quarter 2024 Operating Results

Agent Count

The following table compares agent count as of March 31, 2024 and 2023:

| | As of March 31, | | Change | |
|---------------------------|-----------------|---------|---------|-------|
| | 2024 | 2023 | # | % |
| U.S. | 53,919 | 57,450 | (3,531) | (6.1) |
| Canada | 25,036 | 25,071 | (35) | (0.1) |
| Subtotal | 78,955 | 82,521 | (3,566) | (4.3) |
| Outside the U.S. & Canada | 64,332 | 61,002 | 3,330 | 5.5 |
| Total | 143,287 | 143,523 | (236) | (0.2) |

Revenue

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 first quarter of 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%, versus the same period in 2023. The decrease in Revenue excluding the Marketing Funds was attributable to negative organic revenue growth of 9.3%. Negative organic revenue growth was principally 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.

Recurring revenue streams, which consist of continuing franchise fees and annual dues, decreased \$1.4 million, or 3.4%, compared to the first quarter of 2023 and accounted for 67.7% of Revenue excluding the Marketing Funds in the first quarter of 2024 compared to 63.5% of Revenue excluding the Marketing Funds in the prior-year period.

Operating Expenses

Total operating expenses were \$73.8 million for the first quarter of 2024, a decrease of \$4.7 million, or 6.0%, compared to \$78.5 million in the first quarter of 2023. First quarter 2024 total operating expenses decreased primarily due to lower selling, operating and administrative expenses and reduced Marketing Funds expenses.

Selling, operating and administrative expenses were \$45.7 million in the first quarter of 2024, a decrease of \$3.4 million, or 6.9%, compared to the first quarter of 2023 and represented 78.7% of Revenue excluding the Marketing Funds, compared to 76.7% in the prior-year period. First quarter 2024 selling, operating and administrative expenses decreased primarily due to lower expenses from our annual RE/MAX agent convention and reduced legal expenses, partially offset by higher equity-based compensation expense.

Net Income (Loss) and GAAP EPS

Net loss attributable to RE/MAX Holdings was \$3.4 million for the first quarter of 2024 compared to net loss of \$0.7 million for the first quarter of 2023. Reported basic and diluted GAAP loss per share were each \$0.18 for the first quarter of 2024 compared to basic and diluted GAAP loss per share of \$0.04 each in the first quarter of 2023.

Adjusted EBITDA and Adjusted EPS

Adjusted EBITDA was \$19.0 million for the first quarter of 2024, a decrease of \$0.9 million, or 4.7%, compared to the first quarter of 2023. First quarter 2024 Adjusted EBITDA decreased primarily due to a decrease in U.S. agent count and the net impact of our annual RE/MAX agent convention, partially offset by lower compensation expense

and lower legal fees. Adjusted EBITDA margin was 24.3% in the first quarter of 2024, compared to 23.3% in the first quarter of 2023.

Adjusted basic and diluted EPS were each \$0.20 for the first quarter of 2024 compared to Adjusted basic and diluted EPS of \$0.26 each for the first quarter of 2023. The ownership structure used to calculate Adjusted basic and diluted EPS for the quarter ended March 31, 2024, assumes RE/MAX Holdings owned 100% of RMCO, LLC (“RMCO”). The weighted average ownership RE/MAX Holdings had in RMCO was 59.5% for the quarter ended March 31, 2024.

Balance Sheet

As of March 31, 2024, the Company had cash and cash equivalents of \$82.1 million, a decrease of \$0.5 million from December 31, 2023. As of March 31, 2024, the Company had \$443.6 million of outstanding debt, net of an unamortized debt discount and issuance costs, compared to \$444.6 million as of December 31, 2023.

Share Repurchases and Retirement

As previously disclosed, 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, 2024, the Company did not repurchase any shares. As of March 31, 2024, \$62.5 million remained available under the share repurchase program.

Outlook

The Company’s second quarter and full-year 2024 Outlook assumes no further currency movements, acquisitions, or divestitures.

For the second quarter of 2024, RE/MAX Holdings expects:

- Agent count to change negative 1.5% to 0.0% over second quarter 2023;
- Revenue in a range of \$75.0 million to \$80.0 million (including revenue from the Marketing Funds in a range of \$19.0 million to \$21.0 million); and
- Adjusted EBITDA in a range of \$24.0 million to \$27.0 million.

For the full year 2024, the Company expects:

- Agent count to change negative 0.5% to positive 1.5% over full year 2023;
- Revenue in a range of \$300.0 million to \$320.0 million (including revenue from the Marketing Funds in a range of \$78.0 million to \$82.0 million); and
- Adjusted EBITDA in a range of \$90.0 million to \$100.0 million.

Webcast and Conference Call

The Company will host a conference call for interested parties on Friday, May 3, 2024, beginning at 8:30 a.m. Eastern Time. Interested parties can register in advance for the conference call using the link below:

<https://registrations.events/direct/Q4I941152>

Interested parties also can access a live webcast through the Investor Relations section of the Company’s website at <http://investors.remaxholdings.com>. Please dial-in or join the webcast 10 minutes before the start of the conference call. An archive of the webcast will be available on the Company’s website for a limited time as well.

Basis of Presentation

Unless otherwise noted, the results presented in this press release are consolidated and exclude adjustments attributable to the non-controlling interest.

Footnotes:

¹Revenue excluding the Marketing Funds is a non-GAAP measure of financial performance that differs from U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) and a reconciliation to the most directly comparable U.S. GAAP measure is as follows (in thousands):

| | Three Months Ended | |
|---|--------------------|------------------|
| | March 31, | |
| | 2024 | 2023 |
| Revenue excluding the Marketing Funds: | | |
| Total revenue | \$ 78,287 | \$ 85,401 |
| Less: Marketing Funds fees | 20,206 | 21,342 |
| Revenue excluding the Marketing Funds | <u>\$ 58,081</u> | <u>\$ 64,059</u> |

²The Company defines organic revenue growth as revenue growth from continuing operations excluding (i) revenue from Marketing Funds, (ii) revenue from acquisitions, and (iii) the impact of foreign currency movements. The Company defines revenue from acquisitions as the revenue generated from the date of an acquisition to its first anniversary (excluding Marketing Funds revenue related to acquisitions where applicable).

³Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EPS are non-GAAP measures. These terms are defined at the end of this release. Please see Tables 5 and 6 appearing later in this release for reconciliations of these non-GAAP measures to the most directly comparable GAAP measures.

⁴Total open Motto Mortgage franchises includes only “bricks and mortar” offices with a unique physical address with rights granted by a full franchise agreement with Motto Franchising, LLC and excludes any “virtual” offices or BranchiseSM offices.

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About RE/MAX Holdings, Inc.

RE/MAX Holdings, Inc. (NYSE: RMAX) is one of the world’s leading franchisors in the real estate industry, franchising real estate brokerages globally under the RE/MAX[®] brand, and mortgage brokerages within the U.S. under the Motto[®] Mortgage brand. RE/MAX was founded in 1973 by Dave and Gail Liniger, with an innovative, entrepreneurial culture affording its agents and franchisees the flexibility to operate their businesses with great independence. Now with more than 140,000 agents in nearly 9,000 offices and a presence in more than 110 countries and territories, nobody in the world sells more real estate than RE/MAX, as measured by total residential transaction sides. Dedicated to innovation and change in the real estate industry, RE/MAX launched Motto Franchising, LLC, a ground-breaking mortgage brokerage franchisor, in 2016. Motto Mortgage, the first-and-only national mortgage brokerage franchise brand in the U.S., has grown to over 225 offices across more than 40 states.

Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking 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; Motto open offices; franchise sales; revenue; operating expenses and cost management; the Company’s outlook for the second quarter and full year 2024; non-GAAP financial measures; housing and mortgage market conditions; RE/MAX agent productivity; and our confidence as to our ability to successfully navigate today’s housing market and evolving real estate industry. 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. These risks and uncertainties include, without limitation, (1) changes in the real estate market or interest rates and availability of financing, (2) changes in business and economic activity in general, (3) the Company’s ability to attract and retain quality franchisees, (4) the Company’s franchisees’ ability to recruit and retain real estate agents and mortgage loan originators, (5) changes in laws and regulations, (6) the Company’s ability to enhance, market, and protect its brands, (7) the Company’s ability to implement its technology initiatives, (8) risks related to the Company’s leadership transition, (9) fluctuations in foreign currency exchange rates, (10) the nature and amount of the exclusion of charges in future periods when determining Adjusted EBITDA is subject to uncertainty and may not be similar to such charges in prior periods, and (11) those risks and uncertainties described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) and similar disclosures in subsequent periodic and current reports filed with the SEC, which are available on the investor relations page of the Company’s website at www.remaxholdings.com and on the SEC website at www.sec.gov. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Except as required by law, the Company does not intend, and undertakes no obligation, to update this information to reflect future events or circumstances.

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TABLE 1

RE/MAX Holdings, Inc.
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 | (1,504) | (392) |
| Net income (loss) | <u>\$ (5,607)</u> | <u>\$ (679)</u> |
| Less: net income (loss) attributable to non-controlling interest | (2,254) | (8) |
| Net income (loss) attributable to RE/MAX Holdings, Inc. | <u>\$ (3,353)</u> | <u>\$ (671)</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> |

TABLE 2

RE/MAX Holdings, Inc.
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 |

TABLE 3

RE/MAX Holdings, Inc.
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 | <u>9,381</u> | <u>3,064</u> |
| 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 | <u>(2,430)</u> | <u>(1,294)</u> |
| 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 | <u>(4,353)</u> | <u>(15,849)</u> |
| 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> |

TABLE 4

RE/MAX Holdings, Inc.
Agent Count
(Unaudited)

| | As of | | | | | | | | |
|--------------------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Agent Count: | | | | | | | | | |
| U.S. | | | | | | | | | |
| Company-Owned Regions | 47,302 | 48,401 | 49,576 | 50,011 | 50,340 | 51,491 | 52,804 | 53,415 | 53,338 |
| Independent Regions | 6,617 | 6,730 | 6,918 | 6,976 | 7,110 | 7,228 | 7,311 | 7,410 | 7,379 |
| U.S. Total | 53,919 | 55,131 | 56,494 | 56,987 | 57,450 | 58,719 | 60,115 | 60,825 | 60,717 |
| Canada | | | | | | | | | |
| Company-Owned Regions | 20,151 | 20,270 | 20,389 | 20,354 | 20,172 | 20,228 | 20,174 | 20,098 | 19,751 |
| Independent Regions | 4,885 | 4,898 | 4,899 | 4,864 | 4,899 | 4,892 | 4,844 | 4,756 | 4,692 |
| Canada Total | 25,036 | 25,168 | 25,288 | 25,218 | 25,071 | 25,120 | 25,018 | 24,854 | 24,443 |
| U.S. and Canada Total | 78,955 | 80,299 | 81,782 | 82,205 | 82,521 | 83,839 | 85,133 | 85,679 | 85,160 |
| Outside U.S. and Canada | | | | | | | | | |
| Independent Regions | 64,332 | 64,536 | 63,527 | 62,305 | 61,002 | 60,175 | 59,167 | 58,260 | 57,245 |
| Outside U.S. and Canada Total | 64,332 | 64,536 | 63,527 | 62,305 | 61,002 | 60,175 | 59,167 | 58,260 | 57,245 |
| Total | 143,287 | 144,835 | 145,309 | 144,510 | 143,523 | 144,014 | 144,300 | 143,939 | 142,405 |

TABLE 5

RE/MAX Holdings, Inc.
Adjusted EBITDA Reconciliation to Net Income (Loss)
(In thousands, except percentages)
(Unaudited)

| | 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 ⁽⁵⁾ | \$ 18,993 | \$ 19,920 |
| Adjusted EBITDA Margin ⁽⁵⁾ | 24.3 % | 23.3 % |

- (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.
- (3) 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.
- (4) Other is primarily made up of employee retention related expenses from the Company's CEO transition.
- (5) Non-GAAP measure. See the end of this press release for definitions of non-GAAP measures.

TABLE 6

RE/MAX Holdings, Inc.
Adjusted Net Income (Loss) and Adjusted Earnings per Share
(In thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended | |
|--|--------------------|-----------------|
| | March 31, | |
| | 2024 | 2023 |
| Net income (loss) | \$ (5,607) | \$ (679) |
| Amortization of acquired intangible assets | 5,470 | 5,758 |
| Provision for income taxes | 1,504 | 392 |
| Add-backs: | | |
| 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 pre-tax net income | 8,356 | 10,404 |
| Less: Provision for income taxes at 25% ⁽⁵⁾ | (2,089) | (2,601) |
| Adjusted net income ⁽⁶⁾ | \$ 6,267 | \$ 7,803 |
| Total basic pro forma shares outstanding | 31,041,448 | 30,476,441 |
| Total diluted pro forma shares outstanding | 31,041,448 | 30,476,441 |
| Adjusted net income basic earnings per share ⁽⁶⁾ | \$ 0.20 | \$ 0.26 |
| Adjusted net income diluted earnings per share ⁽⁶⁾ | \$ 0.20 | \$ 0.26 |

- (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.
- (3) 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.
- (4) Other is primarily made up of employee retention related expenses from the Company's CEO transition.
- (5) The long-term tax rate assumes the exchange of all outstanding non-controlling interest partnership units for Class A Common Stock that (a) removes the impact of unusual, non-recurring tax matters and (b) does not estimate the residual impacts to foreign taxes of additional step-ups in tax basis from an exchange because that is dependent on stock prices at the time of such exchange and the calculation is impracticable.
- (6) Non-GAAP measure. See the end of this press release for definitions of non-GAAP measures.

TABLE 7

RE/MAX Holdings, Inc.
Pro Forma Shares Outstanding
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2024 | 2023 |
| Total basic weighted average shares outstanding: | | |
| Weighted average shares of Class A common stock outstanding | 18,481,848 | 17,916,841 |
| Remaining equivalent weighted average shares of stock outstanding on a pro forma basis assuming RE/MAX Holdings owned 100% of RMCO | 12,559,600 | 12,559,600 |
| Total basic pro forma weighted average shares outstanding | <u>31,041,448</u> | <u>30,476,441</u> |
| Total diluted weighted average shares outstanding: | | |
| Weighted average shares of Class A common stock outstanding | 18,481,848 | 17,916,841 |
| Remaining equivalent weighted average shares of stock outstanding on a pro forma basis assuming RE/MAX Holdings owned 100% of RMCO | 12,559,600 | 12,559,600 |
| Dilutive effect of unvested restricted stock units ⁽¹⁾ | — | — |
| Total diluted pro forma weighted average shares outstanding | <u>31,041,448</u> | <u>30,476,441</u> |

(1) In accordance with the treasury stock method.

TABLE 8

RE/MAX Holdings, Inc.
Adjusted Free Cash Flow & Unencumbered Cash
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------------|
| | 2024 | 2023 |
| Cash flow from operations | \$ 9,381 | \$ 3,064 |
| Less: Purchases of property, equipment, and capitalization of software | (2,619) | (1,489) |
| (Increases) decreases in restricted cash of the Marketing Funds ⁽¹⁾ | (2,219) | 2,136 |
| Adjusted free cash flow ⁽²⁾ | 4,543 | 3,711 |
| Adjusted free cash flow ⁽²⁾ | 4,543 | 3,711 |
| Less: Tax/Other non-dividend distributions to RIHI | — | — |
| Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾ | 4,543 | 3,711 |
| Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾ | 4,543 | 3,711 |
| Less: Debt principal payments | (1,150) | (1,150) |
| Unencumbered cash generated ⁽²⁾ | \$ 3,393 | \$ 2,561 |
| Summary | | |
| Cash flow from operations | \$ 9,381 | \$ 3,064 |
| Adjusted free cash flow ⁽²⁾ | \$ 4,543 | \$ 3,711 |
| Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾ | \$ 4,543 | \$ 3,711 |
| Unencumbered cash generated ⁽²⁾ | \$ 3,393 | \$ 2,561 |
| Adjusted EBITDA ⁽²⁾ | \$ 18,993 | \$ 19,920 |
| Adjusted free cash flow as % of Adjusted EBITDA ⁽²⁾ | 23.9% | 18.6% |
| Adjusted free cash flow less distributions to RIHI as % of Adjusted EBITDA ⁽²⁾ | 23.9% | 18.6% |
| Unencumbered cash generated as % of Adjusted EBITDA ⁽²⁾ | 17.9% | 12.9% |

- (1) This line reflects any subsequent changes in the restricted cash balance (which under GAAP reflects as either (a) an increase or decrease in cash flow from operations or (b) an incremental amount of purchases of property and equipment and capitalization of developed software) to remove the impact of changes in restricted cash in determining adjusted free cash flow.
- (2) Non-GAAP measure. See the end of this press release for definitions of non-GAAP measures.

Non-GAAP Financial Measures

The 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, Adjusted EBITDA and the ratios related thereto, Adjusted net income, Adjusted basic and diluted earnings per share (Adjusted EPS) and adjusted free cash flow. These measures are derived based on methodologies other than in accordance with U.S. GAAP.

Revenue excluding the Marketing Funds is calculated directly from our consolidated financial statements as Total revenue less Marketing Funds fees.

The Company defines Adjusted EBITDA as EBITDA (consolidated net income before depreciation and amortization, interest expense, interest income and the provision for income taxes, each of which is presented in the unaudited consolidated financial statements included earlier in this press release), adjusted for the impact of the following items that are either non-cash or that the Company does not consider representative of its ongoing operating performance: loss or gain on sale or disposition of assets and sublease, settlement and impairment charges, equity-based compensation expense, acquisition-related expense, gain on reduction in tax receivable agreement liability, expense or income related to changes in the estimated fair value measurement of contingent consideration, restructuring charges and other non-recurring items.

Because Adjusted EBITDA and Adjusted EBITDA margin omit certain non-cash items and other non-recurring cash charges or other items, the Company believes that each measure is less susceptible to variances that affect its operating performance resulting from depreciation, amortization and other non-cash and non-recurring cash charges or other items. The Company presents Adjusted EBITDA and the related Adjusted EBITDA margin because the Company believes they are useful as supplemental measures in evaluating the performance of its operating businesses and provides greater transparency into the Company's results of operations. The Company's management uses Adjusted EBITDA and Adjusted EBITDA margin as factors in evaluating the performance of the business.

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

- these measures do not reflect changes in, or cash requirements for, the Company's working capital needs;
- these measures do not reflect the Company's interest expense, or the cash requirements necessary to service interest or principal payments on its debt;
- these measures do not reflect the Company's income tax expense or the cash requirements to pay its taxes;
- these measures do not reflect the cash requirements to pay dividends to stockholders of the Company's Class A common stock and tax and other cash distributions to its non-controlling unitholders;

- these measures do not reflect the cash requirements pursuant to the tax receivable agreements;
- 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.

The Company's Adjusted EBITDA guidance does not include certain charges and costs. The adjustments to EBITDA in future periods are generally expected to be similar to the kinds of charges and costs excluded from Adjusted EBITDA in prior quarters, such as 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. The exclusion of these charges and costs in future periods will have a significant impact on the Company's Adjusted EBITDA. The Company is not able to provide a reconciliation of the Company's non-GAAP financial guidance to the corresponding U.S. GAAP measures without unreasonable effort because of the uncertainty and variability of the nature and amount of these future charges and costs.

Adjusted net income is calculated as Net income attributable to RE/MAX Holdings, assuming the full exchange of all outstanding non-controlling interests for shares of Class A common stock as of the beginning of the period (and the related increase to the provision for income taxes after such exchange), plus primarily non-cash items and other items that management does not consider to be useful in assessing the Company's operating performance (e.g., amortization of acquired intangible assets, gain on sale or disposition of assets and sub-lease, non-cash impairment charges, acquisition-related expense, restructuring charges and equity-based compensation expense).

Adjusted basic and diluted earnings per share (Adjusted EPS) are calculated as Adjusted net income (as defined above) divided by pro forma (assuming the full exchange of all outstanding non-controlling interests) basic and diluted weighted average shares, as applicable.

When used in conjunction with GAAP financial measures, Adjusted net income and Adjusted EPS are supplemental measures of operating performance that management believes are useful measures to evaluate the Company's performance relative to the performance of its competitors as

well as performance period over period. By assuming the full exchange of all outstanding non-controlling interests, management believes these measures:

- facilitate comparisons with other companies that do not have a low effective tax rate driven by a non-controlling interest on a pass-through entity;
- facilitate period over period comparisons because they eliminate the effect of changes in Net income attributable to RE/MAX Holdings, Inc. driven by increases in its ownership of RMCO, LLC, which are unrelated to the Company's operating performance; and
- eliminate primarily non-cash and other items that management does not consider to be useful in assessing the Company's operating performance.

Adjusted free cash flow is calculated as cash flows from operations less capital expenditures and any changes in restricted cash of the Marketing Funds, all as reported under GAAP, and quantifies how much cash a company has to pursue opportunities that enhance shareholder value. The restricted cash of the Marketing Funds is limited in use for the benefit of franchisees and any impact to adjusted free cash flow is removed. The Company believes adjusted free cash flow is useful to investors as a supplemental measure as it calculates the cash flow available for working capital needs, re-investment opportunities, potential Independent Region and strategic acquisitions, dividend payments or other strategic uses of cash.

Adjusted free cash flow after tax and non-dividend distributions to RIHI is calculated as adjusted free cash flow less tax and other non-dividend distributions paid to RIHI (the non-controlling interest holder) to enable RIHI to satisfy its income tax obligations. Similar payments would be made by the Company directly to federal and state taxing authorities as a component of the Company's consolidated provision for income taxes if a full exchange of non-controlling interests occurred in the future. As a result and given the significance of the Company's ongoing tax and non-dividend distribution obligations to its non-controlling interest, adjusted free cash flow after tax and non-dividend distributions, when used in conjunction with GAAP financial measures, provides a meaningful view of cash flow available to the Company to pursue opportunities that enhance shareholder value.

Unencumbered cash generated is calculated as adjusted free cash flow after tax and non-dividend distributions to RIHI less quarterly debt principal payments less annual excess cash flow payment on debt, as applicable. Given the significance of the Company's excess cash flow payment on debt, when applicable, unencumbered cash generated, when used in conjunction with GAAP financial measures, provides a meaningful view of the cash flow available to the Company to pursue opportunities that enhance shareholder value after considering its debt service obligations.