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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 2, 2019

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

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

**001-36101**  
(Commission  
File Number)

**80-0937145**  
(IRS Employer  
Identification No.)

**5075 South Syracuse Street**  
**Denver, Colorado 80237**  
(Address of principal executive offices, including 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(s)	Name of each exchange on which registered:
Class A Common Stock, \$0.0001 par value per share	RMAX	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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**Item 2.02. Results of Operations and Financial Conditions. \***

On May 2, 2019, RE/MAX Holdings, Inc. issued a press release announcing its financial results for the quarter ended March 31, 2019. The full text of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits. \***

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press Release issued on May 2, 2019 by RE/MAX Holdings, Inc.</a>

\* The information contained in Items 2.02 and 9.01 of this Current Report on Form 8-K is being “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any registration statement or other filings of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be set forth by specific reference in such filing.

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**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 hereunto duly authorized.

RE/MAX HOLDINGS, INC.

Date: May 2, 2019

By: /s/ Karri Callahan  
Karri Callahan  
Chief Financial Officer

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## RE/MAX Holdings Reports First Quarter 2019 Results

DENVER, May 2, 2019 /PRNewswire/ --

### First Quarter 2019 Highlights

(Compared to first quarter 2018 unless otherwise noted)

- Total agent count increased 3.9% to 125,532 agents
- U.S. and Canada combined agent count decreased 0.9% to 84,031 agents
- Total open Motto Mortgage franchises increased to 88 offices
- Revenue of \$71.2 million; excluding Marketing Funds revenue, revenue decreased 0.4% to \$52.4 million
- Net income attributable to RE/MAX Holdings, Inc. of \$4.4 million and earnings per diluted share (GAAP EPS) of \$0.25
- Adjusted EBITDA <sup>1</sup> of \$23.0 million, Adjusted EBITDA margin <sup>1</sup> of 32.3% and Adjusted earnings per diluted share (Adjusted EPS <sup>1</sup>) of \$0.48

**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"), an innovative mortgage brokerage franchise, today announced operating results for the quarter ended March 31, 2019.

"We are pleased that our Motto Mortgage business in the U.S. continues to expand. This, coupled with strong international RE/MAX growth, contributed to relatively resilient top-line performance and helped offset lower revenue in the first quarter stemming from challenging housing market conditions in the U.S. and Canada," stated Adam Contos, RE/MAX Holdings Chief Executive Officer.

Contos continued, "RE/MAX and Motto continue to demonstrate and build on their brand strength as evidenced by industry recognition and new strategic alliances. Multiple industry reports have again confirmed the 2-to-1 edge RE/MAX enjoys in per-agent productivity among large U.S. residential real estate brokerages. We also recently announced an exclusive referral relationship that will leverage industry-leading consumer search experience to create more business opportunities for RE/MAX agents. Lastly, *Entrepreneur* magazine just named Motto Mortgage one of the rising new franchise brands to watch in 2019."

"Looking ahead, we're cautiously optimistic about the housing markets in the U.S. and Canada. We remain confident in the continued strength and momentum of our business given the proven ability of RE/MAX agents to perform well in virtually any market cycle. We're also excited about the upcoming, late-summer launch of the next generation of RE/MAX technology. Thousands of RE/MAX agents contributed valuable and insightful feedback which resulted in building a fantastic product for highly productive agents and today's consumers."

### First Quarter 2019 Operating Results

#### Agent Count

The following table compares agent count as of March 31, 2019 and 2018:

	As of March 31		Change	
	2019	2018	#	%
U.S.	62,664	63,612	(948)	(1.5)
Canada	21,367	21,217	150	0.7
<b>Subtotal</b>	<b>84,031</b>	<b>84,829</b>	<b>(798)</b>	<b>(0.9)</b>
Outside the U.S. & Canada	41,501	35,992	5,509	15.3
<b>Total</b>	<b>125,532</b>	<b>120,821</b>	<b>4,711</b>	<b>3.9</b>

#### Revenue

RE/MAX Holdings generated total revenue of \$71.2 million in the first quarter of 2019, an increase of \$18.5 million or 35.2% compared to \$52.6 million in the first quarter of 2018. Revenue increased almost exclusively due to acquisitions, which constituted primarily the Marketing Funds which the Company acquired on January 1, 2019. Recurring revenue streams, which consist of continuing franchise fees and annual dues, were essentially flat compared to the first quarter of 2018 and accounted for 64.5% of revenue excluding the Marketing Funds in the first quarter of 2019 compared to 64.5% in the comparable period in 2018.

#### Operating Expenses

Total operating expenses were \$58.2 million for the first quarter of 2019. Excluding operating expenses from the Marketing Funds, first quarter 2019 operating expenses totaled \$39.5 million, an increase of \$0.5 million or 1.4% compared to \$38.9 million in the first quarter of 2018. Higher depreciation and amortization expenses and a loss on disposition of assets more than offset lower selling, operating and administrative expenses.

Selling, operating and administrative expenses were \$33.5 million in the first quarter of 2019, a decrease of \$0.8 million or 2.5% compared to the first quarter of 2018 and represented 64.0% of revenue excluding the Marketing Funds compared to 65.3% in the prior-year period. Selling, operating and administrative expenses decreased primarily due to lower professional fees and severance costs, partially offset by increased personnel expenses and technology investments.

#### Net Income and GAAP EPS

Net income attributable to RE/MAX Holdings was \$4.4 million for the first quarter of 2019, a decrease of \$0.6 million over the first quarter of 2018. Reported basic and diluted GAAP EPS were \$0.25 for the first quarter of 2019 compared to \$0.28 in the first quarter of 2018.

#### Adjusted EBITDA and Adjusted EPS

Adjusted EBITDA was \$23.0 million for the first quarter of 2019, an increase of \$0.1 million or 0.6% from the first quarter of 2018. Adjusted EBITDA margin was

32.3% in the first quarter of 2019 compared to 43.4% in the first quarter of 2018 primarily due to the acquisition of the Marketing Funds.

Adjusted basic and diluted EPS were each \$0.48 for the first quarter of 2019, a decrease of \$0.01 per share compared to the first quarter of 2018. The ownership structure used to calculate Adjusted basic and diluted EPS for the quarter ended March 31, 2019 assumes RE/MAX Holdings owned 100% of RMCO, LLC ("RMCO"). The weighted average ownership RE/MAX Holdings had in RMCO was 58.6% for the quarter ended March 31, 2019.

## **Balance Sheet**

As of March 31, 2019, the Company had cash and cash equivalents of \$64.8 million. The Company's cash and cash equivalents increased \$4.8 million from December 31, 2018. As of March 31, 2019, the Company had \$227.3 million of outstanding debt, net of an unamortized debt discount and issuance costs, a decrease of \$0.5 million compared to \$227.8 million as of December 31, 2018.

## **Dividend**

On May 1, 2019, the Company's Board of Directors approved a quarterly cash dividend of \$0.21 per share. The quarterly dividend is payable on May 29, 2019, to shareholders of record at the close of business on May 15, 2019.

## **Outlook**

The Company's second quarter and full-year 2019 Outlook assumes no further currency movements, acquisitions or divestitures.

For the second quarter of 2019, RE/MAX Holdings expects:

- Agent count to increase 2.5% to 3.5% over second quarter 2018;
- Revenue in a range of \$70.0 million to \$73.0 million (including revenue from the Marketing Funds in a range of \$17.5 million to \$18.5 million); and
- Adjusted EBITDA in a range of \$26.5 million to \$28.5 million.

For the full-year 2019, RE/MAX Holdings expects:

- Agent count to increase 2.0% to 4.0% over full-year 2018;
- Revenue in a range of \$287.0 million to \$291.0 million (including revenue from the Marketing Funds in a range of \$72.5 million to \$74.5 million); and
- Adjusted EBITDA in a range of \$104.5 million to \$107.5 million.

The effective U.S. GAAP tax rate attributable to RE/MAX Holdings is estimated to be between 17% and 19% in 2019.

## **Webcast and Conference Call**

The Company will host a conference call for interested parties on Friday, May 3, 2019, beginning at 8:30 a.m. Eastern Time. Interested parties can access the conference call using the following dial-in numbers:

U.S.	1-833-287-0798
Canada & International	1-647-689-4457

Interested parties can access a live webcast through the Investor Relations section of the Company's website at [investors.remax.com](http://investors.remax.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.

## **Footnote:**

<sup>1</sup> Adjusted 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.

## **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<sup>®</sup> brand, and mortgage brokerages within the U.S. under the Motto<sup>®</sup> Mortgage brand. RE/MAX was founded in 1973 by David 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 125,000 agents across over 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.

## **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; franchise sales; revenue; operating expenses; the Company's outlook for the second quarter and full year 2019; dividends; non-GAAP financial measures; estimated effective tax rates for 2019; housing and mortgage market conditions; economic and demographic trends; competition; technology initiatives; potential transactions; future expansion of Motto Mortgage and such expansion's impact on revenue; statements regarding agent productivity and the Company's agents performing well in any market; statements regarding our recently announced referral relationship and its impact on our business; the statement that the launch of the next generation of RE/MAX technology will occur in late-summer 2019; and the

Company's strategic and operating plans and business models, including our belief that our agent-centric model is resilient and more insulated to a slowdown in real estate transactions compared to more traditional broker-centric businesses. 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. Such 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 the RE/MAX and Motto Mortgage brands, (7) the Company's ability to implement its technology initiatives, (8) fluctuations in foreign currency exchange rates, (9) the impact of recent changes to our senior management team, (10) the impact of the findings and recommendations of the previously disclosed Special Committee investigation on the Company and its management and operations, including the effect of measures taken in response to the investigation, reputational damage to the Company relating to the investigation, time and expenses incurred in implementing the recommendations of the Special Committee, any legal proceedings or governmental or regulatory investigations or actions related to the underlying matters of the Special Committee's internal investigation or other matters, and the diversion of management's time and resources to address such matters, and 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 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.remax.com](http://www.remax.com) and on the SEC website at [www.sec.gov](http://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.

**TABLE 1**

**RE/MAX Holdings, Inc.**  
**Condensed Consolidated Statements of Income**  
*(Amounts in thousands, except share and per share amounts)*  
*(Unaudited)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Revenue:		
Continuing franchise fees	\$ 24,956	\$ 25,240
Annual dues	8,854	8,696
Broker fees	8,588	9,188
Marketing Funds fees	18,772	—
Franchise sales and other revenue	10,008	9,518
Total revenue	<u>71,178</u>	<u>52,642</u>
Operating expenses:		
Selling, operating and administrative expenses	33,524	34,368
Marketing Funds expenses	18,772	—
Depreciation and amortization	5,558	4,575
Loss (gain) on sale or disposition of assets, net	379	(18)
Total operating expenses	<u>58,233</u>	<u>38,925</u>
Operating income	<u>12,945</u>	<u>13,717</u>
Other expenses, net:		
Interest expense	(3,155)	(2,724)
Interest income	320	119
Foreign currency transaction gains (losses)	55	(83)
Total other expenses, net	<u>(2,780)</u>	<u>(2,688)</u>
Income before provision for income taxes	10,165	11,029
Provision for income taxes	<u>(1,908)</u>	<u>(1,862)</u>
Net income	\$ 8,257	\$ 9,167
Less: net income attributable to non-controlling interest	3,848	4,184
Net income attributable to RE/MAX Holdings, Inc.	<u>\$ 4,409</u>	<u>\$ 4,983</u>
Net income attributable to RE/MAX Holdings, Inc. per share of Class A common stock		
Basic	<u>\$ 0.25</u>	<u>\$ 0.28</u>
Diluted	<u>\$ 0.25</u>	<u>\$ 0.28</u>
Weighted average shares of Class A common stock outstanding		
Basic	<u>17,775,381</u>	<u>17,709,095</u>
Diluted	<u>17,817,620</u>	<u>17,762,133</u>
Cash dividends declared per share of Class A common stock	<u>\$ 0.21</u>	<u>\$ 0.20</u>

**TABLE 2**

**RE/MAX Holdings, Inc.**

**Condensed Consolidated Balance Sheets**  
(Amounts in thousands, except share and per share amounts)  
(Unaudited)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 64,771	\$ 59,974
Restricted cash	33,227	—
Accounts and notes receivable, current portion, less allowances of \$12,431 and \$7,980, respectively	29,080	21,185
Income taxes receivable	1,188	533
Other current assets	7,471	5,855
Total current assets	135,737	87,547
Property and equipment, net of accumulated depreciation of \$13,642 and \$13,280 respectively	5,654	4,390
Operating lease right of use assets	54,429	—
Franchise agreements, net	99,282	103,157
Other intangible assets, net	21,836	22,965
Goodwill	150,749	150,684
Deferred tax assets, net	52,494	53,698
Other assets, net of current portion	5,755	4,399
<b>Total assets</b>	<b>\$ 525,936</b>	<b>\$ 426,840</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 3,027	\$ 1,890
Accrued liabilities	55,712	13,143
Income taxes payable	—	208
Deferred revenue	25,228	25,489
Current portion of debt	2,629	2,622
Current portion of payable pursuant to tax receivable agreements	3,567	3,567
Operating lease liabilities	4,680	—
Total current liabilities	94,843	46,919
Debt, net of current portion	224,632	225,165
Payable pursuant to tax receivable agreements, net of current portion	37,220	37,220
Deferred tax liabilities, net	294	400
Deferred revenue, net of current portion	19,716	20,224
Operating lease liabilities, net of current portion	59,849	—
Other liabilities, net of current portion	5,756	17,637
Total liabilities	442,310	347,565
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, par value \$0.0001 per share, 180,000,000 shares authorized; 17,807,948 shares issued and outstanding as of March 31, 2019; 17,754,416 shares issued and outstanding as of December 31, 2018	2	2
Class B common stock, par value \$0.0001 per share, 1,000 shares authorized; 1 share issued and outstanding as of March 31, 2019 and December 31, 2018	—	—
Additional paid-in capital	462,601	460,101
Retained earnings	21,765	21,138
Accumulated other comprehensive income, net of tax	364	328
Total stockholders' equity attributable to RE/MAX Holdings, Inc.	484,732	481,569
Non-controlling interest	(401,106)	(402,294)
Total stockholders' equity	83,626	79,275
<b>Total liabilities and stockholders' equity</b>	<b>\$ 525,936</b>	<b>\$ 426,840</b>

**TABLE 3**

**RE/MAX Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flow**  
(Amounts in thousands)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Net income	\$ 8,257	\$ 9,167
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,558	4,575
Bad debt expense	1,439	464

Loss (gain) on sale or disposition of assets and sublease, net	379	(28)
Equity-based compensation expense	4,051	1,268
Deferred income tax expense	1,081	478
Fair value adjustments to contingent consideration	(70)	135
Other, net	272	127
Changes in operating assets and liabilities	<u>1,474</u>	<u>(2,614)</u>
Net cash provided by operating activities	<u>22,441</u>	<u>13,572</u>
Cash flows from investing activities:		
Purchases of property and equipment and capitalization of developed software and trademark costs	(3,940)	(691)
Acquisitions, net of cash acquired of \$0 and \$362, respectively	—	(26,250)
Restricted cash acquired with the Marketing Funds acquisition	28,495	—
Other	<u>(1,200)</u>	<u>—</u>
Net cash provided by (used in) investing activities	<u>23,355</u>	<u>(26,941)</u>
Cash flows from financing activities:		
Payments on debt	(653)	(592)
Distributions paid to non-controlling unitholders	(2,693)	(2,521)
Dividends and dividend equivalents paid to Class A common stockholders	(3,782)	(3,595)
Payment of payroll taxes related to net settled restricted stock units	(713)	(564)
Payment of contingent consideration	<u>—</u>	<u>(50)</u>
Net cash used in financing activities	<u>(7,841)</u>	<u>(7,322)</u>
Effect of exchange rate changes on cash	<u>69</u>	<u>(13)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>38,024</u>	<u>(20,704)</u>
Cash, cash equivalents and restricted cash, beginning of year	<u>59,974</u>	<u>50,807</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 97,998</u>	<u>\$ 30,103</u>

TABLE 4

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

	As of							
	March 31,	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,
	2019	2018	2018	2018	2018	2017	2017	2017
<b>Agent Count:</b>								
U.S.								
Company-owned Regions <sup>(1)</sup>	48,904	49,318	50,342	50,432	49,760	49,411	47,397	47,252
Independent Regions <sup>(1)</sup>	13,760	13,804	13,948	14,063	13,852	13,751	16,152	15,997
<b>U.S. Total</b>	<b>62,664</b>	<b>63,122</b>	<b>64,290</b>	<b>64,495</b>	<b>63,612</b>	<b>63,162</b>	<b>63,549</b>	<b>63,249</b>
Canada								
Company-owned Regions	6,549	6,702	6,858	6,915	6,920	6,882	6,924	6,893
Independent Regions	14,818	14,625	14,550	14,451	14,297	14,230	14,236	14,160
<b>Canada Total</b>	<b>21,367</b>	<b>21,327</b>	<b>21,408</b>	<b>21,366</b>	<b>21,217</b>	<b>21,112</b>	<b>21,160</b>	<b>21,053</b>
<b>U.S. and Canada Total</b>	<b>84,031</b>	<b>84,449</b>	<b>85,698</b>	<b>85,861</b>	<b>84,829</b>	<b>84,274</b>	<b>84,709</b>	<b>84,302</b>
Outside U.S. and Canada								
Independent Regions	41,501	39,831	38,207	37,221	35,992	34,767	32,859	31,968
<b>Outside U.S. and Canada Total</b>	<b>41,501</b>	<b>39,831</b>	<b>38,207</b>	<b>37,221</b>	<b>35,992</b>	<b>34,767</b>	<b>32,859</b>	<b>31,968</b>
<b>Total</b>	<b>125,532</b>	<b>124,280</b>	<b>123,905</b>	<b>123,082</b>	<b>120,821</b>	<b>119,041</b>	<b>117,568</b>	<b>116,270</b>

(1) As of each quarter end since December 31, 2017, U.S. Company-owned Regions include agents in the Northern Illinois region, which converted from an Independent Region to a Company-owned Region in connection with the acquisition of certain assets of RE/MAX of Northern Illinois, Inc., including the regional franchise agreements issued by us permitting the sale of RE/MAX franchises in the northern region of the state of Illinois, on November 15, 2017. As of the acquisition date, the Northern Illinois region had 2,266 agents.

TABLE 5

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

	Three Months Ended	
	March 31,	
	2019	2018
<b>Net income</b>	\$ 8,257	\$ 9,167
Depreciation and amortization	5,558	4,575
Interest expense	3,155	2,724
Interest income	(320)	(119)
Provision for income taxes	1,908	1,862
EBITDA	18,558	18,209
Loss (gain) on sale or disposition of assets and sublease, net <sup>(1)</sup>	379	(28)
Equity-based compensation expense	4,051	1,268
Acquisition-related expense <sup>(2)</sup>	72	1,174
Special Committee investigation and remediation expense <sup>(3)</sup>	—	2,086
Fair value adjustments to contingent consideration <sup>(4)</sup>	(70)	135
Adjusted EBITDA <sup>(5)</sup>	\$ 22,990	\$ 22,844
Adjusted EBITDA Margin <sup>(5)</sup>	32.3 %	43.4 %

- (1) Represents loss (gain) on the sale or disposition of assets as well as the net gain in 2018 on the sublease of a portion of the Company's corporate headquarters office building. Adjustments for subleases relate only to 2018 as such accounting was changed with the implementation of new accounting for leases.
- (2) Acquisition-related expense includes legal, accounting, advisory and consulting fees incurred in connection with the acquisition and integration of acquired companies.
- (3) Special Committee investigation and remediation expense relates to costs incurred in relation to the previously disclosed investigation by the special committee of independent directors of actions of certain members of our senior management and the implementation of the remediation plan.
- (4) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liability.
- (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 and Adjusted Earnings per Share**  
*(Amounts in thousands, except share and per share amounts)*  
*(Unaudited)*

	Three Months Ended	
	March 31,	
	2019	2018
<b>Net income</b>	\$ 8,257	\$ 9,167
Amortization of acquired intangible assets	4,465	3,930
Provision for income taxes	1,908	1,862
<i>Add-backs:</i>		
Loss (gain) on sale or disposition of assets and sublease, net <sup>(1)</sup>	379	(28)
Equity-based compensation expense	4,051	1,268
Acquisition-related expense <sup>(2)</sup>	72	1,174
Special Committee investigation and remediation expense <sup>(3)</sup>	—	2,086
Fair value adjustments to contingent consideration <sup>(4)</sup>	(70)	135
Adjusted pre-tax net income	19,062	19,594
Less: Provision for income taxes at 24%	(4,575)	(4,703)
<b>Adjusted net income <sup>(5)</sup></b>	\$ 14,487	\$ 14,891
Total basic pro forma shares outstanding	30,334,981	30,268,695
Total diluted pro forma shares outstanding	30,377,220	30,321,733
<b>Adjusted net income basic earnings per share <sup>(5)</sup></b>	\$ 0.48	\$ 0.49
<b>Adjusted net income diluted earnings per share <sup>(5)</sup></b>	\$ 0.48	\$ 0.49

- (1) Represents loss (gain) on the sale or disposition of assets as well as the net gain in 2018 on the sublease of a portion of the Company's corporate headquarters office building. Adjustments for subleases relate only to 2018 as such accounting was changed with the implementation of new accounting for leases.
- (2) Acquisition-related expense includes legal, accounting, advisory and consulting fees incurred in connection with the acquisition and integration of acquired companies.
- (3) Special Committee investigation and remediation expense relates to costs incurred in relation to the previously disclosed investigation by the special committee of independent directors of actions of certain members of our senior management and the implementation of the remediation plan.
- (4) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liability.
- (5) 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,

	2019	2018
<b>Total basic weighted average shares outstanding:</b>		
Weighted average shares of Class A common stock outstanding	17,775,381	17,709,095
Remaining equivalent weighted average shares of stock outstanding on a pro forma basis assuming RE/MAX Holdings owned 100% of RMCO	<u>12,559,600</u>	<u>12,559,600</u>
Total basic pro forma weighted average shares outstanding	<u>30,334,981</u>	<u>30,268,695</u>
<b>Total diluted weighted average shares outstanding:</b>		
Weighted average shares of Class A common stock outstanding	17,775,381	17,709,095
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 <sup>(1)</sup>	<u>42,239</u>	<u>53,038</u>
Total diluted pro forma weighted average shares outstanding	<u>30,377,220</u>	<u>30,321,733</u>

(1) In accordance with the treasury stock method.

**TABLE 8**

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

	<u>Three Months Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash flow from operations	\$ 22,441	\$ 13,572
Less: Purchases of property and equipment and capitalization of developed software and trademark costs	(3,940)	(691)
Less: Increases in restricted cash of the Marketing Funds <sup>(2)</sup>	<u>(4,732)</u>	<u>-</u>
<b>Free cash flow <sup>(1)</sup></b>	<b>13,769</b>	<b>12,881</b>
Free cash flow	13,769	12,881
Less: Tax/Other non-dividend distributions to RIHI	(55)	(9)
<b>Free cash flow after tax/non-dividend distributions to RIHI <sup>(1)</sup></b>	<b>13,714</b>	<b>12,872</b>
Free cash flow after tax/non-dividend distributions to RIHI	13,714	12,872
Less: Debt principal payments	(653)	(588)
<b>Unencumbered cash generated <sup>(1)</sup></b>	<b>\$ 13,061</b>	<b>\$ 12,284</b>
<b>Summary</b>		
Cash flow from operations	\$ 22,441	\$ 13,572
Free cash flow	\$ 13,769	\$ 12,881
Free cash flow after tax/non-dividend distributions to RIHI	\$ 13,714	\$ 12,872
Unencumbered cash generated	\$ 13,061	\$ 12,284
Adjusted EBITDA	\$ 22,990	\$ 22,844
Free cash flow as % of Adjusted EBITDA	59.9%	56.4%
Free cash flow less distributions to RIHI as % of Adjusted EBITDA	59.7%	56.3%
Unencumbered cash generated as % of Adjusted EBITDA	56.8%	53.8%

(1) Non-GAAP measure. See the end of this press release for definitions of non-GAAP measures.

(2) In January 2019, the Company acquired all of the regional and pan-regional advertising fund entities previously owned by its founder and Chairman of the Board of Directors, David Liniger, collectively, the "Marketing Funds". Beginning January 1, 2019, all assets and liabilities of the Marketing Funds are reflected in the condensed consolidated financial statements of the Company, including approximately \$28.5 million of restricted cash. This line reflects any subsequent changes in the restricted cash balance since the initial acquisition date (which under GAAP reflects as an increase in cash flow from operations for the quarter ended March 31, 2019) so as to remove the impact of changes in restricted cash in determining free cash flow.

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

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 condensed 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, equity-based compensation expense, acquisition-related expense, Special Committee investigation and remediation expense, gain on reduction in tax receivable agreement liability, expense or income related to changes in the estimated fair value measurement of contingent consideration, 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;
- 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 on sale or disposition of assets and sublease and acquisition-related expense, among others. 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, Special Committee investigation and remediation expense, acquisition-related expense 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.

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 cash flow from operations due to this change is excluded from free cash flow. The Company believes 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.

Free cash flow after tax and non-dividend distributions to RIHI is calculated as 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, 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 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.

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