

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): July 5, 2022

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)

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))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock \$0.0001 par value per share	RMAX	New York Stock Exchange

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.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On July 5, 2022, the Board of Directors of RE/MAX Holdings Inc. (the “Company”) approved the next step in the evolution of RE/MAX technology. Certain Company subsidiaries entered into an agreement with InsideRE, LLC (“InsideRE”), the developers of kvCORE, to provide technology to RE/MAX affiliates as further discussed in Item 7.01 below. kvCORE will replace certain functionality currently provided by the booj platform. As a result, the Company expects to reduce its overall workforce by approximately 120 employees, which is approximately 17% of its total headcount, by the end of 2022. This reduction does not include personnel that the Company expects to hire as a result of the strategic investments in the Company’s Mortgage segment discussed in Item 7.01 below. As a result of this reduction, the Company expects to incur a pre-tax cash charge for one-time termination benefits, which consist of severance and related costs, between approximately \$5.75 million and \$6.75 million in the third quarter of 2022.

Item 7.01. Regulation FD Disclosure. *

On July 7, 2022, the Company issued a press release (the “Release”) providing an update on its strategic initiatives centered on reinvigorating U.S. agent count growth and accelerating the expansion of its growing mortgage business. The Company also announced the next step in the technological evolution of RE/MAX, LLC (“RE/MAX”) and reported key operating metrics as of June 30, 2022. The full text of the Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

RE/MAX Teams Pilot Program

RE/MAX announced a pilot program designed to attract and grow teams of real estate agents. The pilot program offers an alternative fee structure for eligible teams that is designed to support and encourage growth of medium- to large-sized teams. The alternative fee structure will initially be offered in five states (California, Florida, Maryland, New Jersey, and Texas) and will be available to new or existing teams in those states whose broker has opted into the pilot program. To be eligible, teams must 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. The pilot program will run for one year beginning on August 1, 2022.

The pilot program adjusts certain fees that participating team members pay to RE/MAX. For eligible teams, the Continuing Franchise Fee will be reduced by half for team members and licensed assistants and the Marketing Fund Fee will also be reduced by half for team members. (Team leaders will continue to pay the full Continuing Franchise Fee and Marketing Fund Fee.) Additionally, in general, the Broker Fee for each team will be capped at \$1,000 per team member, including the team leader. (Licensed assistants do not pay Broker Fee and therefore are not counted when calculating a team’s Broker Fee cap.) The team leader and each team member will pay the standard Broker Fee of 1% of their gross commissions until the team reaches the cap, at which point no further Broker Fee will be due for the remainder of the 12-month period beginning on the first day of the month in which a team joins the pilot program.

The alternative fee structure is part of a broader effort to accelerate U.S. agent count growth and to attract, retain, and grow medium- to large-sized teams. This effort includes updated technology offerings, including a module in the kvCORE platform specifically for teams and the previously announced launch of the REALTeams Solution powered by Workman Success Systems. RE/MAX also recently updated its standards that allow teams to add their team logo to RE/MAX yard signs.

RE/MAX Brokerage Mergers and Conversions Initiatives

RE/MAX has created additional financial flexibility to encourage and support transactions that result in brokerages and agents who want to convert to the RE/MAX network. RE/MAX Franchise Sales personnel have prioritized such growth through conversions and mergers and acquisitions activity. RE/MAX is actively working to identify potential candidates to connect with RE/MAX affiliates who may be interested in a merger or acquisition as well as independent brokerage candidates who want to join RE/MAX. Franchise sales personnel are empowered to help guide the parties to a mutually beneficial arrangement, which in some cases could include financial support either

in the form of up-front capital to assist with conversion costs or a temporary waiver of recurring fees given the long-term nature of RE/MAX franchise contracts.

Increase Sales and Marketing Investment in Mortgage Segment

The Company is increasing its investment in its mortgage segment with the goal of accelerating growth by hiring additional sales and marketing personnel for both its Motto Mortgage and wemlo brands. The Company believes that hiring additional personnel will increase its ability to capitalize on growth opportunities. Additionally, Motto recently mandated that new Motto franchises, in most instances, must use wemlo's processing services.

Agreement with InsideRE for kvCORE Platform and Other Technology Updates

On July 5, 2022, RE/MAX Marketing Fund, LLC and RE/MAX Promotions, Inc., the marketing fund subsidiaries of RE/MAX in the U.S. and Canada, respectively, entered into a Master Technology Services Agreement with InsideRE for the kvCORE platform. The platform will provide certain technology tools to RE/MAX brokers and agents to help them optimize their businesses. These tools include an integrated customer relationship management system with customizable websites, enhanced lead generation services, robust listing tools and presentations, a marketing autopilot feature, and business analytics. The kvCORE platform will become available in stages in Company-Owned RE/MAX regions in Canada and the U.S. beginning in the fourth quarter of 2022.

Other RE/MAX technology products will remain available and details or changes will be communicated to the RE/MAX network. These products include the RE/MAX exclusive First app and its Seller Star rating system that uses predictive analytics to help RE/MAX agents identify potential sellers, as well as certain functions of Megaphone, the RE/MAX in-house marketing tool. RE/MAX intends to integrate parts of its existing technology into kvCORE's marketplace, including RE/MAX Hustle, a custom video tool, and Photofy, a tool enabling agents to send RE/MAX exclusive graphics and videos via social media or text.

While the Company is shifting agent-facing technology to the kvCORE platform supplemented by proprietary RE/MAX technology, the Company intends to continue to invest in and enhance the consumer-facing www.remax.com website, including lead generation and other features, primarily using in-house resources. This includes continuing to leverage geospatial data from the Company's G73 business. The Company is evaluating options regarding the ongoing operations of its legacy Gadberry Group business.

Certain Operational Statistics

(Compared to June 30, 2021)

The Release also contained the following update on operational statistics as of June 30, 2022.

- Total agent count increased 2.7% to 143,939 agents
- U.S. and Canada combined agent count increased 185 agents to 85,679 agents
- Total open Motto Mortgage franchises increased 22.0% to 200 offices¹

Item 9.01. Financial Statements and Exhibits. *

Exhibit No.	Description
99.1	Press release issued on July 7, 2022
104	Cover Page Interactive Data File (formatted as inline XBRL)

Footnotes:

* The information contained in Items 7.01 and 9.01 and Exhibit 99.1 of this Current Report on Form 8-K is being "furnished" and shall not be deemed "filed" for purpose 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.

¹Total 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 “branchises”.

Forward-Looking Statements

This Current Report on Form 8-K 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: the Company's expectations with respect to its workforce reduction including expected pre-tax cash charge for one-time termination benefits; the duration and availability of the Company's teams pilot program; the Company's broader effort to accelerate U.S. agent count growth and to attract, retain, and grow medium- to large-sized teams; the Company's work in identifying potential candidates to connect with RE/MAX affiliates who may be interested in a merger or acquisition as well as independent brokerage candidates who want to join RE/MAX and the terms offered by franchise sales personnel to help guide the parties to a mutually beneficial arrangement; the Company's increase in its investment in its mortgage segment and the Company's belief that hiring additional personnel will increase its ability to capitalize on growth opportunities; the tools that will be available to RE/MAX brokers and agents on the kvCORE platform; the timing of the availability of the kvCORE platform; other RE/MAX technology products; the remax.com website; and the Company's evaluation of options regarding the ongoing operations of its legacy Gadberry Group 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. These risks and uncertainties include, without limitation, (1) the global COVID-19 pandemic, which continues to pose significant and widespread risks to the Company's business, including the Company's agents, loan originators, franchisees and employees, as well as home buyers and sellers, (2) changes in the real estate market or interest rates and availability of financing, (3) changes in business and economic activity in general, (4) the Company's ability to attract and retain quality franchisees and 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, including the RE/MAX and Motto Mortgage brands, (7) the Company's ability to implement its strategic initiatives, including technology initiatives, (8) fluctuations in foreign currency exchange rates, and (9) 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.

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: July 7, 2022

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

RE/MAX HOLDINGS, INC. ANNOUNCES STRATEGIC INITIATIVES DESIGNED TO ACCELERATE PROFITABLE GROWTH

RE/MAX, LLC Launches Teams Initiative, Formally Introduces Brokerage Mergers-and-Conversions Program and Announces Next Steps in Its Technology Evolution

RE/MAX Holdings Increases Sales and Marketing Investment in Mortgage Segment to Accelerate Progress Toward \$100 Million Annual Revenue Goal *Company Initiatives to be Funded Through the Reallocation of Existing Resources*

DENVER, July 7, 2022 /PRNewswire/ -- RE/MAX Holdings, Inc. (the "Company") (NYSE: RMAX), parent company of RE/MAX, one of the world's leading franchisors of real estate brokerage services, and of Motto Mortgage, the first and only national mortgage brokerage franchise brand in the U.S., today provided an update on its strategic initiatives – centered on reinvigorating its U.S. RE/MAX agent count growth and accelerating the expansion of its growing mortgage business. The Company also announced the next steps in the technological evolution of RE/MAX and reported key operating metrics as of June 30, 2022.

"RE/MAX Holdings continues to focus on increasing our near- and long-term profitable growth," said Steve Joyce, RE/MAX Holdings Chief Executive Officer. "After a thoughtful and thorough review, we are moving forward with these strategic endeavors, each of which is expected to contribute to our growth objectives.

"As part of our efforts to increase our U.S. agent count, RE/MAX is launching a tailored program designed to attract, retain and grow medium and large teams. This will supplement our previously announced effort to convert independent and other real estate brokerages to RE/MAX or help them merge with an existing RE/MAX franchise."

Continued Joyce: "Within our mortgage segment, we are investing in sales and marketing resources for both our Motto Mortgage and wemlo brands, with a plan to double our related personnel over time. We believe this investment can measurably accelerate our ability to achieve our goal of \$100 million in annual mortgage-related revenue, perhaps achieving this milestone as early as 2028.

"We have two fantastic franchise brands, and we believe we can make a difference in driving their growth through smart, strategic moves. All of our planned initiatives are closely aligned with our current strategy and we plan to fund them through the reallocation of existing resources."

RE/MAX Introduces Unique Pilot Program Designed to Attract and Grow Teams

This pilot program for eligible teams features expanded education, improved technology and enhanced economics that further support the growth and profitability of teams and RE/MAX offices.

"For years, RE/MAX has been an industry leader and the preferred destination for many of the most productive teams in real estate," said Nick Bailey, President and CEO, RE/MAX, LLC. "Today I am proud to announce we are taking our best-in-class value proposition to the next level with the introduction of this carefully curated teams-focused initiative. We have upped our game through this compelling offering of education, technology and attractive economics which can help mid-to-large-sized teams optimize their productivity and maximize their earnings."

RE/MAX Announces Brokerage Mergers-and-Conversions Initiative

The Company formally launched this initiative to help interested brokerages convert to the RE/MAX network or combine forces with an existing RE/MAX franchise.

"Many independent brokerages and other offices want to join RE/MAX, given our leading agent productivity, unsurpassed brand name awareness, global scale, marketing power and a host of other business-building elements that most local or regional operations simply can't match," said Bailey.

"Our data shows that U.S. and Canadian agents who join RE/MAX and stick with the brand typically increase their sales over time. These statistics address a chief concern about agent productivity that tends to hold many of these potential mergers or conversions back. And that's an important message for us to continue to reiterate across the industry, especially now as the market is fluctuating and we see many experienced, successful brokers looking to transition their businesses."

Continued Bailey: "We've empowered and equipped our franchise sales team to generate more activity on this front after having recently completed a successful targeted effort that proved out the concept. Consequently, we are expanding the effort and plan to share more successes in the future."

RE/MAX Holdings Increases Sales and Marketing Investment in Mortgage Segment

Aiming to accelerate revenue growth in its mortgage segment, RE/MAX Holdings has committed to investments in additional sales and marketing resources and is now requiring, in most instances, the use of wemlo's processing services for future Motto Mortgage franchises. Given Motto Mortgage's increased presence, RE/MAX Holdings leadership believes that these initiatives will position the Company to best capitalize on the rising number of incoming inquiries Motto Mortgage is receiving.

"Motto has sold over 300 franchises to date and we have 200 open offices," said Motto Franchising, LLC and wemlo President and CEO Ward Morrison. "We believe we can eventually grow that number to more than 1,000 open franchises. Motto has a unique and attractive value proposition, and we would like to get to 1,000 open offices much sooner than our current growth trajectory suggests."

Morrison continued: "We have been evaluating how we can accelerate Motto franchise sales growth for a while now. Given our current momentum, we believe this is the right time to invest in additional sales and marketing resources. Each sales professional on our team currently covers a large territory, and we think more personnel will increase our ability to capitalize on incremental opportunities.

"A big part of Motto's appeal is that many of its franchisees and loan originators work closely with productive real estate agents who have an ongoing purchase transaction pipeline. As a result, Motto has a higher percentage of purchase volume than the industry average, which is increasingly important in a rising interest-

rate environment."

Next Step in the RE/MAX Technological Evolution: kvCORE to Provide Enhanced Technology Suite to Agents in the U.S. and Canada

RE/MAX is entering into an enterprise-wide relationship with Inside Real Estate, the developers of kvCORE, an industry-leading cloud-based, all-in-one real estate platform designed to provide agents with the technology tools they need to optimize their businesses. Through a phased rollout beginning later in 2022 and continuing into next year, RE/MAX affiliates in company-owned regions across the U.S. and Canada will get access to the state-of-the-art kvCORE platform at no additional cost along with several add-ons – including a module specifically for teams – and, eventually, proprietary RE/MAX technology integrations.

This evolutionary step will advance the best elements of RE/MAX technology – including many developed via acquisitions in the past several years. Current offerings such as the First app and others will continue in their current form and eventually be integrated into or aligned with the kvCORE platform. Because the kvCORE platform includes an AI-powered smart CRM and customizable agent/team/office IDX websites, the booj products developed in-house the past few years are expected to sunset in mid-2023. As a result of this shift in strategy, the Company expects to reduce the size of its workforce by approximately 17% by the end of the year, with impacted positions primarily in technology. The majority of the expected savings from the reduction in workforce is anticipated to be reinvested back in the business.

"Agents remain at the center of the real estate transaction and the best agents are enabled by powerful technology," said Bailey. "RE/MAX is known as being the home of top producers. Technology has been and will continue to be foundational to our one-of-a-kind value proposition, which helps drive our industry-leading productivity. But technology is not a destination; it's a journey. We are always striving to bolster our offerings and help our brokers, agents and teams reach their full potential.

"In today's highly competitive market, much of the agent-facing technology – CRM, websites, etc. – has become table stakes. That's why I am thrilled to announce the next step in the RE/MAX technological evolution. Partnering with a leading real estate software firm like Inside Real Estate – which has the size, scale and expertise to develop world-class agent tech tools – gives us a lot more firepower to deliver to affiliates. Providing our network with RE/MAX technology powered by kvCORE, including our proprietary tech and branding integrations, alongside an ongoing commitment to invest in and enhance the www.remax.com website with internal resources will enable us to focus on what we do best: help small business owners build their businesses."

Operating Metrics and Financial Guidance

Operating Statistics as of June 30, 2022

(Compared to June 30, 2021)

- Total agent count increased 2.7% to 143,939 agents
- U.S. and Canada combined agent count increased 185 agents to 85,679 agents
- Total open Motto Mortgage franchises increased 22.0% to 200 offices

RE/MAX Holdings will provide further details on these initiatives, including updated financial guidance, during the Company's second quarter earnings conference call to be held on Friday, August 5, 2022, at 8:30 a.m. Eastern Time. Interested parties can register for the conference call in advance using this link:

<https://conferencingportals.com/event/tTSuEepd>

Interested parties will also be able to access a live webcast through the Company's investor Relations website at <https://investors.remaxholdings.com>.

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 almost 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 has grown to over 175 offices across almost 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: the Company's strategic endeavors, the Company's short- and long-term growth, RE/MAX agent count, revenue, the RE/MAX program aimed at recruiting and growing teams, the RE/MAX brokerage conversion and mergers program, its investment in its mortgage segment, including statements about personnel and number of Motto offices, the Company's expectations related to its technology initiatives, including the kvCORE platform, and the anticipated reduction in force. 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) the global COVID-19 pandemic, which continues to pose significant and widespread risks to the Company's business, including the Company's agents, loan originators, franchisees and employees, as well as home buyers and sellers, (2) changes in the real estate market or interest rates and availability of financing, (3) changes in business and economic activity in general, (4) the Company's ability to attract and retain quality franchisees and 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, including the RE/MAX and Motto Mortgage brands, (7) the Company's ability to implement its strategic initiatives, including technology initiatives, (8) fluctuations in foreign currency exchange rates, and (9) 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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