

A photograph of three business professionals in a meeting. A woman with long curly hair is leaning over a laptop on the left. A man with glasses and a beard is in the center, looking at the laptop. An older man with a beard is on the right, holding a yellow highlighter and looking towards the other two. The background is a blurred office setting with city lights visible through a window.

RE/MAX

HOLDINGS, INC.

Fourth Quarter and Full Year 2025 Earnings

February 20, 2026

REMAX

MOTTO
MORTGAGE

wemlo.

// Forward-Looking Statements

This presentation 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; expenses; the Company’s outlook for the first quarter and full year 2026; non-GAAP financial measures; housing and mortgage market conditions and forecasts; fee models; growth opportunities; strategic initiatives; and capital allocation (including share repurchases and dividends) and liquidity. 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, including enacted and proposed tariffs and other trade policies which could impact the global economy, (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.

// Q4 2025 Highlights

Q4 2025 Operating Highlights

- Total agent count increased 1.4% YoY to 148,660 agents
- Agent count in the U.S. and Canada combined decreased 4.6% to 72,977 agents

Comparisons represent Q4 2025 versus Q4 2024 unless otherwise noted

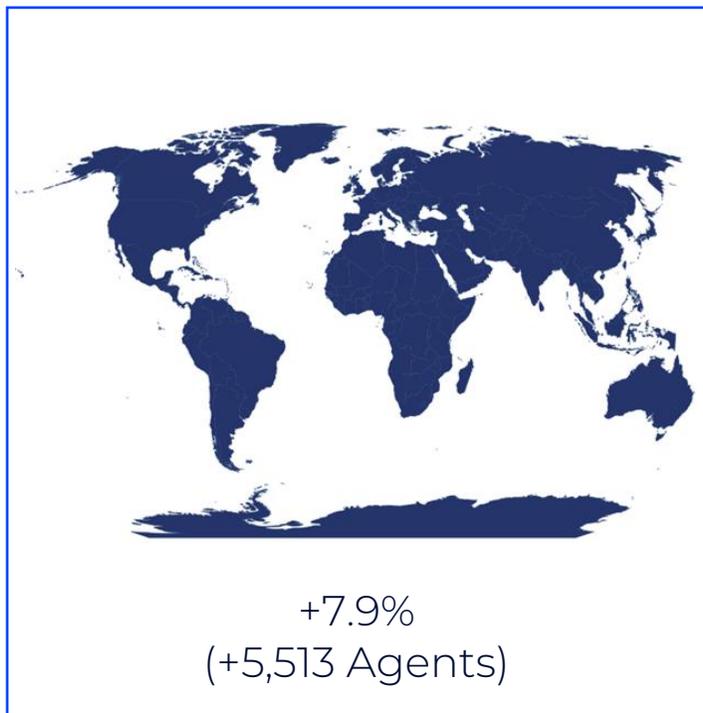
Q4 2025 Financial Highlights

- Revenue was \$71.1 million
- Adjusted EBITDA¹ of \$22.4 million, down 4.0%
- Adjusted EBITDA Margin¹ of 31.5%, down 2.2%
- Adjusted Diluted EPS¹ of \$0.30

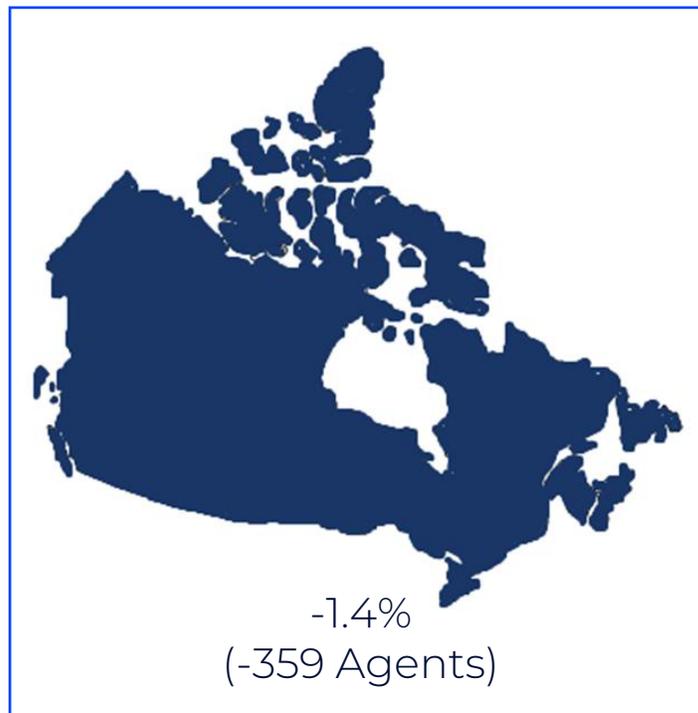
Comparisons represent Q4 2025 versus Q4 2024 unless otherwise noted

// Agent Count Change Year-over-Year

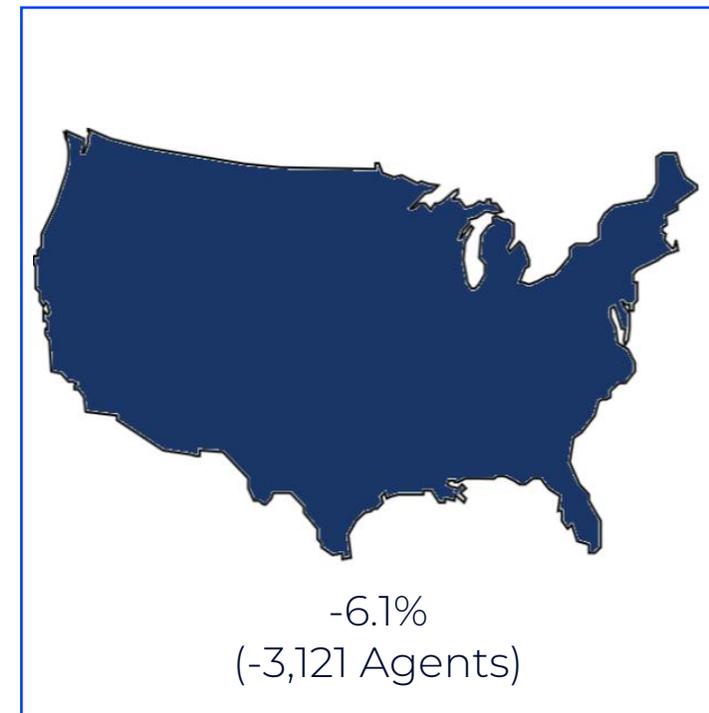
Agents Outside U.S. & Canada



Agents in Canada



Agents in the U.S.



December 31, 2025, over December 31, 2024

Total agent count increased 2,033 agents, or 1.4%, YoY to 148,660 agents

 **Record Agent Count**
as of December 31, 2025

REMAX Canada Welcomes REMAX Your Community Realty and REMAX Connect Realty

A vibrant sunset over the Toronto skyline, featuring the CN Tower and various skyscrapers reflected in the water. The sky is filled with dramatic, colorful clouds in shades of orange, pink, and blue.

- **Led by family of visionary, entrepreneurial real estate leaders – Vivian Risi, Michelle Risi, and Justin Risi**
- **Largest conversion in the history of REMAX, with ~1,200 agents spanning 17 offices, primarily in the Greater Toronto Area**

// Motto Mortgage New Economic Model

Transitioning from a Flat Recurring Fee to a “Moving Market” Model that incorporates both Recurring and Variable Fee Components, better aligning fees to brokerage production



Fixed Fee

- Fixed monthly fee that ramps to \$5,000 per month (including \$350/month marketing fund fee)
- Existing franchisees may keep the existing model



Moving Market

- \$2,500 per month fixed fee plus 25 basis points of loan volume beginning after 6 month ramp up for new sales
- Model will be standard for all new franchise sales, and is optional for existing franchisees

// Revenue

Revenue (\$M)	Quarter to Date				Year to Date			
	2025	2024	Increase/(Decrease)		2025	2024	Increase/(Decrease)	
			\$	%			\$	%
Continuing franchise fees	\$27.1	\$29.8	(\$2.7)	(9.1%)	\$112.9	\$122.0	(\$9.1)	(7.5%)
Annual dues	\$7.4	\$7.8	(\$0.5)	(6.1%)	\$30.5	\$32.2	(\$1.7)	(5.4%)
Broker fees	\$13.9	\$11.7	\$2.3	19.3%	\$53.7	\$51.8	\$1.9	3.6%
Marketing Funds fees	\$17.6	\$18.7	(\$1.1)	(5.9%)	\$72.8	\$79.0	(\$6.1)	(7.8%)
Franchise sales and other revenue	\$5.2	\$4.5	\$0.7	15.7%	\$21.7	\$22.7	(\$0.9)	(4.1%)
Total Revenue	\$71.1	\$72.5	(\$1.3)	(1.8%)	\$291.6	\$307.7	(\$16.1)	(5.2%)

Note: Totals may not sum due to rounding.

For Q4 2025:

- RE/MAX Holdings generated revenue of \$71.1 million in the fourth quarter of 2025, a decrease of \$1.3 million, or 1.8%, compared to \$72.5 million in the fourth quarter of 2024. Revenue excluding the Marketing Funds¹ was \$53.6 million in the fourth quarter of 2025, a decrease of \$0.2 million, or 0.4%, versus the same period in 2024. The decrease in Revenue excluding the Marketing Funds was attributable to a decline in organic revenue of 0.4%. The decline in organic revenue² was driven mainly by a reduction in U.S. agent count and recently introduced incentives related to modifications to the Company's standard fee models, including Aspire, partially offset by an increase in Broker fees due to: (1) the impact of recognizing Broker fees ratably throughout the year in the U.S. and Canada for capped programs like Aspire; (2) an increase in Broker Fees related to modifications to the Company's standard fee models, including Aspire, which resulted in an offsetting decrease to Continuing franchise fees and to a lesser extent Marketing Funds fees; and (3) higher average home sales prices in the U.S., an increase in revenue from marketing as a service ("MaaS") and an increase from advertising revenue on the Company's flagship websites.
- Recurring revenue streams³, which consist of continuing franchise fees and annual dues, decreased \$3.2 million, or 8.5%, compared to the fourth quarter of 2024 and accounted for 64.3% of Revenue excluding the Marketing Funds in the fourth quarter of 2025 compared to 69.9% in the prior-year period.

¹Revenue excluding the Marketing Funds is a non-GAAP measure of financial performance that differs from the U.S. Generally Accepted Accounting Principles. See the Appendix for the definition and reconciliation to the most directly comparable U.S. GAAP measure.

²The Company defines organic revenue growth as revenue growth from continuing operations excluding (i) 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).

³Recurring revenue is comprised of Continuing franchise fees and Annual dues.

// Selling, Operating and Administrative Expenses

Selling, Operating & Administrative Expenses (\$M)	Quarter to Date				Year to Date			
	2025	2024	Increase/(Decrease)		2025	2024	Increase/(Decrease)	
			\$	%			\$	%
Personnel	\$21.8	\$22.7	(\$0.9)	(4.2%)	\$86.8	\$94.2	(\$7.3)	(7.8%)
Professional fees	\$4.3	\$4.2	\$0.1	1.8%	\$14.3	\$12.3	\$2.0	16.4%
Lease costs	\$1.4	\$1.6	(\$0.2)	(13.9%)	\$6.3	\$6.8	(\$0.5)	(7.3%)
Other	\$9.8	\$7.2	\$2.7	37.1%	\$39.3	\$39.1	\$0.3	0.7%
Total	\$37.3	\$35.8	\$1.6	4.4%	\$146.7	\$152.3	(\$5.6)	(3.6%)

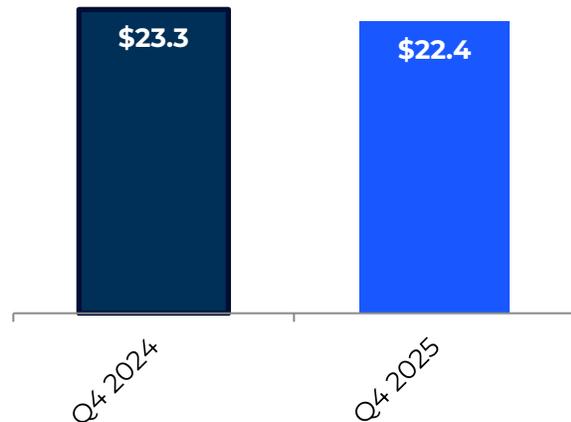
Note: Totals may not sum due to rounding.

For Q4 2025:

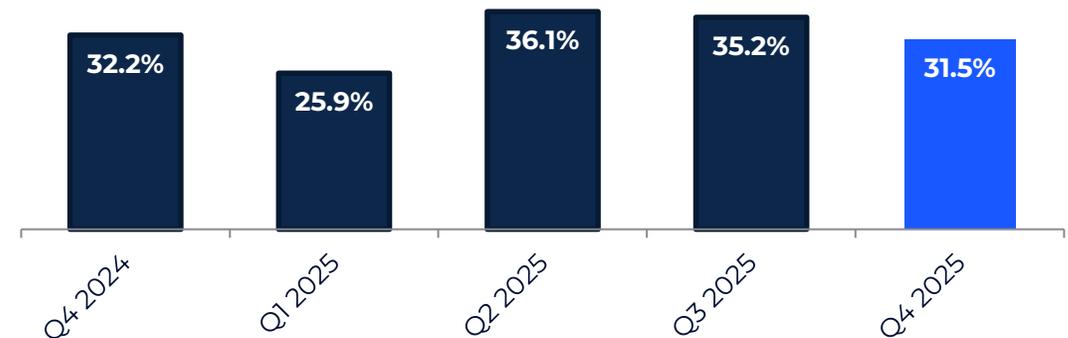
- Selling, operating and administrative expenses were \$37.3 million in the fourth quarter of 2025, an increase of \$1.6 million, or 4.4%, compared to the fourth quarter of 2024 and represented 69.7% of Revenue excluding the Marketing Funds¹, compared to 66.5% in the prior-year period.
- Fourth quarter 2025 Selling, operating and administrative expenses increased primarily due to losses on sale and disposal of assets, increase in expenses from timing of other events, partially offset by a reduction in certain personnel-related expenses.

// Adjusted EBITDA¹ of \$22.4 Million

Adjusted EBITDA¹ (\$M)



Adjusted EBITDA Margin¹



For Q4 2025:

- Adjusted EBITDA was \$22.4 million for the fourth quarter of 2025, a decrease of \$0.9 million, or 4.0%, compared to the fourth quarter of 2024. Fourth quarter 2025 Adjusted EBITDA decreased due to an increase in certain personnel-related expenses and lower revenue, partially offset by a decrease in bad debt expense.
- Adjusted EBITDA margin was 31.5% in the fourth quarter of 2025, compared to 32.2% in the fourth quarter of 2024.

// Looking Ahead – Q1 2026 and FY 2026 Outlook

Q1 2026 Outlook¹

For the first quarter of 2026, RE/MAX Holdings expects:

- Agent count to increase 1.50% to 2.50% over first quarter 2025;
- Revenue in a range of \$69.0 million to \$74.0 million (including revenue from the Marketing Funds in a range of \$16.0 million to \$18.0 million); and
- Adjusted EBITDA² in a range of \$14.0 million to \$17.0 million.

Full Year 2026 Outlook¹

For the full year 2026, RE/MAX Holdings expects:

- Agent count in a range from 1.50% to positive 3.50% over full year 2025;
- Revenue in a range of \$285.0 million to \$305.0 million (including revenue from the Marketing Funds in a range of \$66.0 million to \$70.0 million); and
- Adjusted EBITDA in a range of \$90.0 million to \$100.0 million.

// RE/MAX Holdings, Inc.

A Leading Dual-Brand Franchisor with Compelling Growth Opportunities



Most-Trusted Agents in the U.S. and Canada^{1,2}



RE/MAX is the most productive real estate network in the world⁶



#1 Name in Real Estate³ (U.S./Canada) and Unmatched Global Footprint⁴



Large Network of Offices with \$2.5 Billion in 2025 Annual Loan Volume



First-and-Only National Mortgage Brokerage Franchise Brand in the U.S.



Included in Entrepreneur's Franchise 500® list⁵

RMAX: Recurring Revenue, High Margins & Strong Free Cash Flow

¹Voted most trusted Real Estate Agency brand by American shoppers based on the BrandSpark® American Trust Study, years 2022-2025 and 2019.

²Voted most trusted Real Estate Agency brand by Canadian shoppers based on the BrandSpark® Canadian Trust Study, years 2021-2025, 2019 and 2017

³Source: MMR Strategy Group Study of unaided brand awareness

⁴REMAX has a presence in more than 120 countries and territories

⁵Motto Mortgage was ranked 494 in the 2025 Entrepreneur magazine Franchise 500® and was named first in Entrepreneur's category for Miscellaneous Financial Services. Both the overall and category ranking are based on an analysis of over 150 data points in the areas of costs and fees, support, size and growth, and brand strength, from franchise disclosure and related documents of 1,366 participating franchise systems across the United States and Canada.

⁶As measured by residential transaction sides.

RE/MAX

HOLDINGS, INC.

Thank you!

REMAX

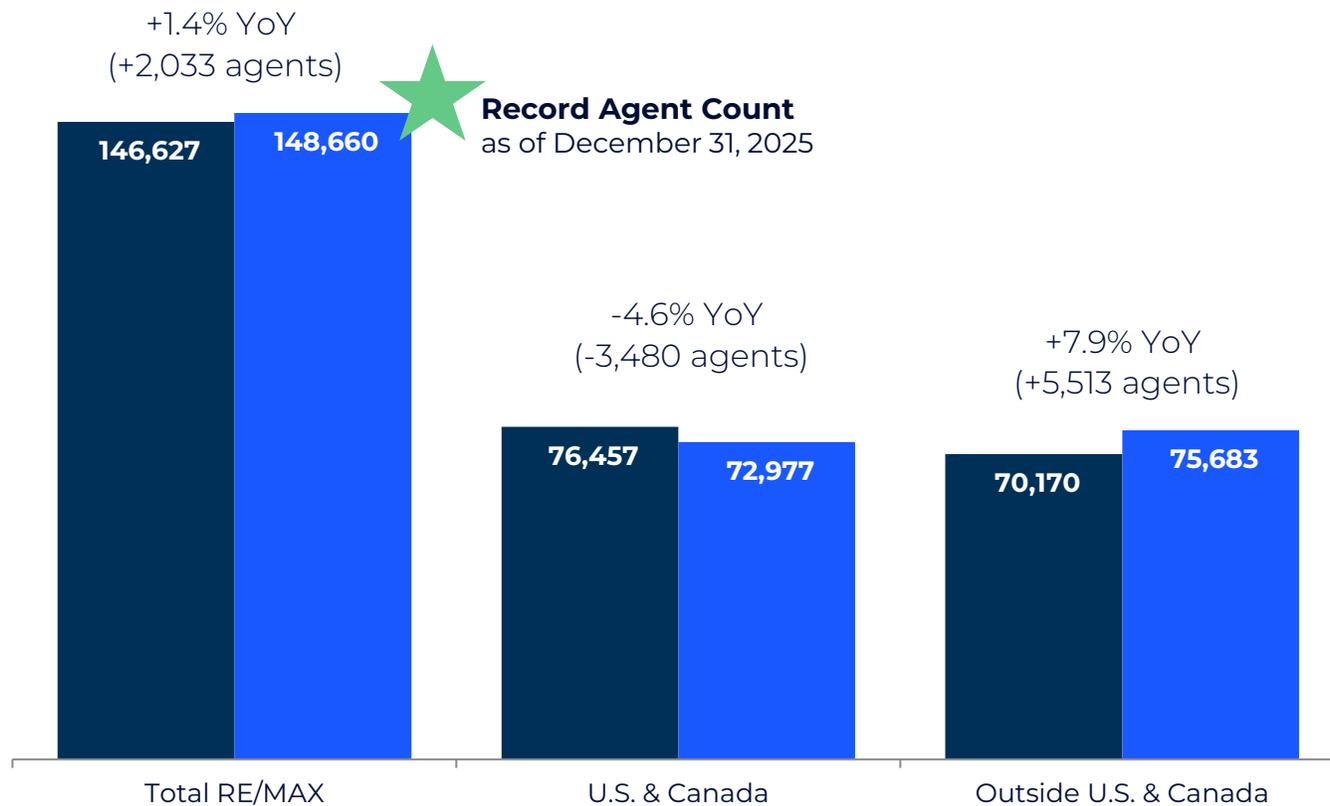
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// Total Agent Count

Agent Count Change Year-over-Year

December 31, 2024 December 31, 2025



// Balance Sheet, Capital Allocation & Liquidity

Balance Sheet & Leverage

- Cash balance of \$118.7 million on December 31, 2025, up \$22.1 million from December 31, 2024
- \$436.8 million in outstanding debt¹ and no revolving loans outstanding
- Total Debt / TTM Adjusted EBITDA² of 4.7:1³
- Net Debt / TTM Adjusted EBITDA² of 3.4:1^{4,5}

Capital Allocation & Liquidity

- The Company has a common stock repurchase program of up to \$100 million. During the three months ended December 31, 2025, the Company did not repurchase any shares. As of December 31, 2025, \$62.5 million remained available under the share repurchase program.
- The Company's Total Liquidity Ratio ("TLR") was 3.12:1^{5,6} as of December 31, 2025.

¹Net of unamortized debt discount and debt issuance costs

²Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP numbers and exclude all adjustments attributable to the non-controlling interest. See the Appendix for definitions and reconciliations of non-GAAP measures.

³Based on twelve months ended December 31, 2025, Adjusted EBITDA of \$93.7 and total debt of \$436.8, net of unamortized debt discount and debt issuance costs.

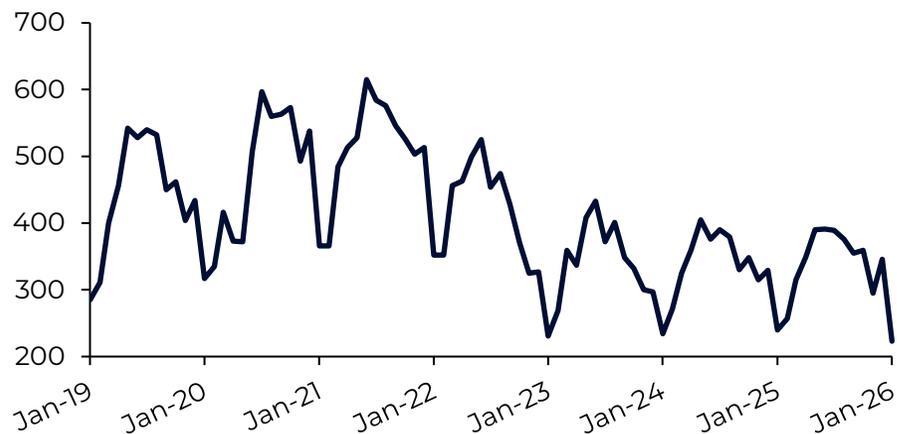
⁴Based on twelve months ended December 31, 2025, Adjusted EBITDA of \$93.7 and net debt of \$318.1, net of unamortized debt discount, debt issuance costs and unrestricted cash balance on December 31, 2025.

⁵Approximately \$1.6 million related to a cost recovery in connection with a previous settlement partially offset by the settlement of an immaterial legal matter, is not excluded from consolidated EBITDA when calculating the Total Liquidity Ratio ("TLR") pursuant to the RE/MAX, LLC Senior Secured Credit Facility, based on the applicable definitions of consolidated EBITDA and indebtedness as defined therein.

⁶The Company's TLR is calculated pursuant to the RE/MAX, LLC Senior Secured Credit Facility for the trailing twelve-month period ending December 31, 2025, based on the applicable definitions of Consolidated EBITDA and indebtedness as defined therein

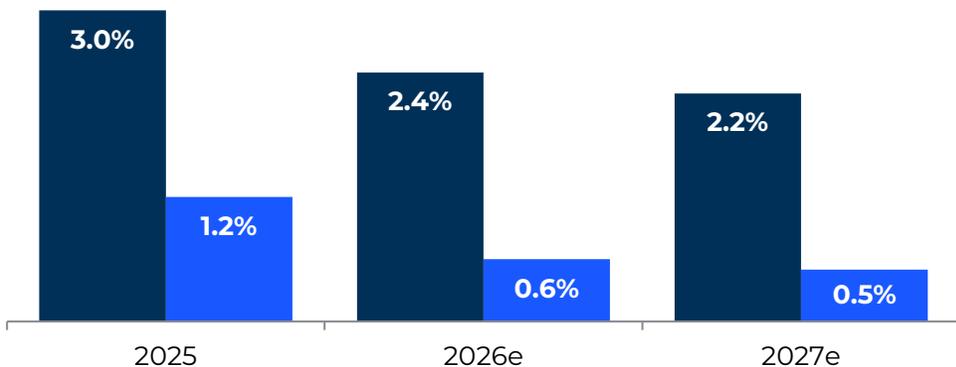
// Industry Forecasts

Monthly Existing Home Sales¹ (Thousands)



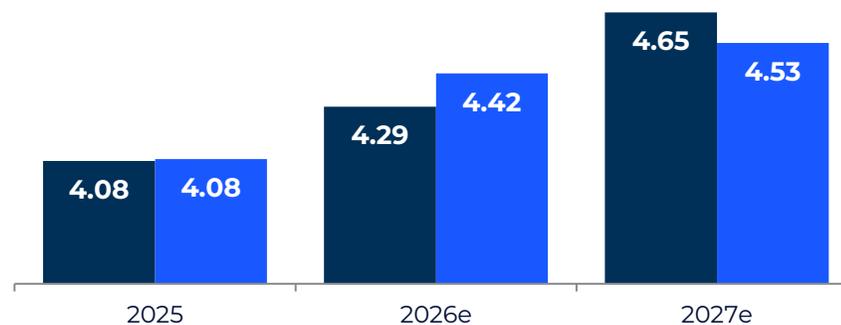
Home Price Appreciation^{2,3} (YoY)

■ Fannie Mae ■ MBA



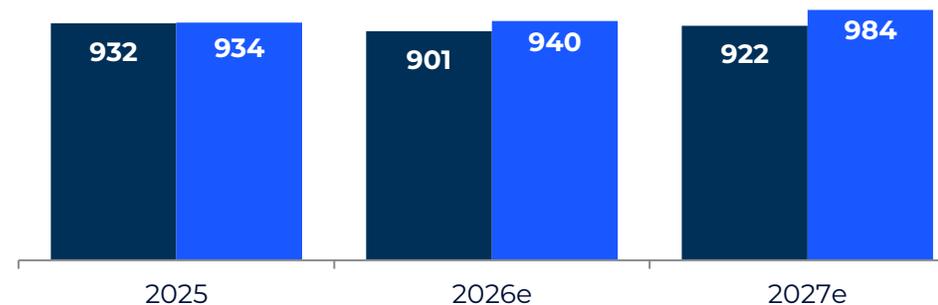
Annual Existing Home Sales^{2,3} (Millions)

■ Fannie Mae ■ MBA



Housing Starts - Single Family^{2,4} (Thousands)

■ Fannie Mae ■ NAHB



¹Source: NAR (National Association of Realtors) – Existing Home Sales, numbers presented are not seasonally adjusted; January 2019 through January 2026

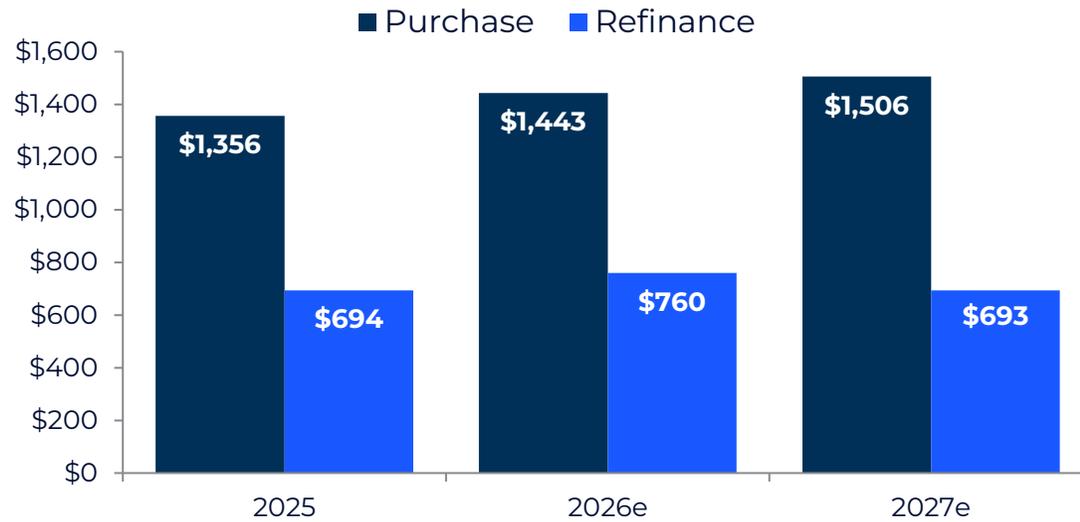
²Source: Fannie Mae – Economic and Strategic Research – Housing Forecast, February 2026

³Source: Mortgage Bankers Association – MBA Mortgage Finance Forecast, January 2026

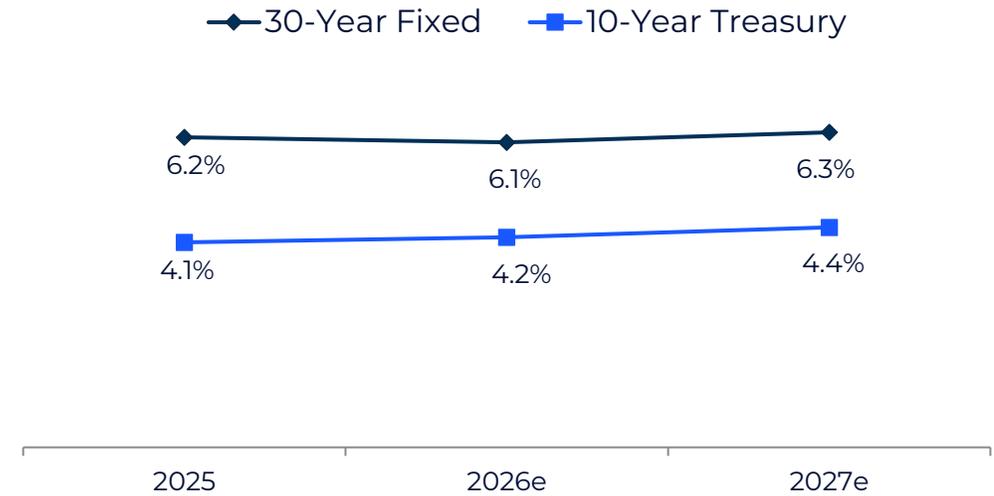
⁴Source: NAHB (National Association of Home Builders) – Housing and Interest Rate Forecast, February 2026

// Mortgage Finance Forecasts

Loan Originations¹ (\$B)



Mortgage & Interest Rates¹



// Agent Count and Revenue Excluding Marketing Funds

	As of									
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	
Agent Count:										
U.S.										
Company-Owned Regions	41,998	42,935	43,363	43,543	44,911	46,283	46,780	47,302	48,401	
Independent Regions	6,167	6,243	6,306	6,311	6,375	6,525	6,626	6,617	6,730	
U.S. Total	48,165	49,178	49,669	49,854	51,286	52,808	53,406	53,919	55,131	
Canada										
Company-Owned Regions	19,803	20,045	20,060	20,227	20,311	20,515	20,347	20,151	20,270	
Independent Regions	5,009	4,975	4,906	4,929	4,860	4,878	4,846	4,885	4,898	
Canada Total	24,812	25,020	24,966	25,156	25,171	25,393	25,193	25,036	25,168	
U.S. and Canada Total	72,977	74,198	74,635	75,010	76,457	78,201	78,599	78,955	80,299	
Outside U.S. and Canada										
Independent Regions	75,683	73,349	72,438	71,116	70,170	67,282	64,943	64,332	64,536	
Outside U.S. and Canada Total	75,683	73,349	72,438	71,116	70,170	67,282	64,943	64,332	64,536	
Total	148,660	147,547	147,073	146,126	146,627	145,483	143,542	143,287	144,835	
Net change in agent count compared to the prior period	1,113	474	947	(501)	1,144	1,941	255	(1,548)	(474)	

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
(\$ in thousands)				
Total revenue	\$ 71,137	\$ 72,467	\$ 291,601	\$ 307,685
Less: Marketing Funds fees	17,556	18,652	72,835	78,983
Revenue excluding the Marketing Funds	\$ 53,581	\$ 53,815	\$ 218,766	\$ 228,702

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

// Adjusted EBITDA Reconciliation to Net Income

(Reflects RE/MAX Holdings with 100% ownership of RMCO, LLC)

(\$ in thousands, except percentages)

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 2,509	\$ 4,080	\$ 13,433	\$ 8,077
Depreciation and amortization	6,215	7,072	25,848	29,561
Interest expense	7,740	8,562	31,700	36,258
Interest income	(933)	(903)	(3,580)	(3,738)
Provision for income taxes	373	(8,361)	6,195	(1,877)
EBITDA	15,904	10,450	73,596	68,281
Settlement and impairment charges ⁽¹⁾	—	5,483	(1,542)	5,483
Equity-based compensation expense	4,314	4,412	16,627	18,855
Fair value adjustments to contingent consideration ⁽²⁾	(25)	75	(109)	(225)
Restructuring charges ⁽³⁾	(200)	1,286	2,536	1,227
Change in estimated tax receivable agreement liability ⁽⁴⁾	715	1,219	715	1,219
Other adjustments ⁽⁵⁾	1,692	416	1,898	2,860
Adjusted EBITDA ⁽⁶⁾	\$ 22,400	\$ 23,341	\$ 93,721	\$ 97,700
Adjusted EBITDA Margin ⁽⁶⁾	31.5 %	32.2 %	32.1 %	31.8 %

(1) During 2025, the Company recorded a cost recovery in connection with a previous settlement, that was received in the fourth quarter of 2025 from an escrow fund from a prior acquisition. This was partially offset by the settlement of an immaterial legal matter and an impairment recognized on an office lease in Canada. During 2024, represents the settlements of certain industry class-action lawsuits and other legal settlements.

(2) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liabilities.

(3) During 2025 and 2024, the Company restructured its support services to further enhance the overall customer experience.

(4) Change in estimated tax receivable agreement liability is the result of a valuation allowance on deferred tax assets.

(5) Other adjustments are primarily made up of losses on disposal of assets in 2025 and employee retention related expenses from the Company's CEO transition in 2024.

(6) Non-GAAP measure. See the end of this presentation for definitions of non-GAAP measures.

// Adjusted Net Income & Adjusted Earnings per Share

(Reflects RE/MAX Holdings with 100% ownership of RMCO, LLC)

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
(\$ in thousands, except share and per share amounts)				
Net income (loss)	\$ 2,509	\$ 4,080	\$ 13,433	\$ 8,077
Amortization of acquired intangible assets	4,217	4,621	17,440	19,706
Provision for income taxes	373	(8,361)	6,195	(1,877)
Add-backs:				
Settlement and impairment charges ⁽¹⁾	—	5,483	(1,542)	5,483
Equity-based compensation expense	4,314	4,412	16,627	18,855
Fair value adjustments to contingent consideration ⁽²⁾	(25)	75	(109)	(225)
Restructuring charges ⁽³⁾	(200)	1,286	2,536	1,227
Change in estimated tax receivable agreement liability ⁽⁴⁾	715	1,219	715	1,219
Other adjustments ⁽⁵⁾	1,692	416	1,898	2,860
Adjusted pre-tax net income	13,595	13,231	57,193	55,325
Less: Provision for income taxes at 25% ⁽⁶⁾	(3,398)	(3,307)	(14,298)	(13,831)
Adjusted net income ⁽⁷⁾	\$ 10,197	\$ 9,924	\$ 42,895	\$ 41,494
Total basic pro forma shares outstanding	32,638,418	31,480,829	32,405,069	31,339,800
Total diluted pro forma shares outstanding	33,463,932	32,545,071	32,959,648	31,853,427
Adjusted net income basic earnings per share ⁽⁷⁾	\$ 0.31	\$ 0.32	\$ 1.32	\$ 1.32
Adjusted net income diluted earnings per share ⁽⁷⁾	\$ 0.30	\$ 0.30	\$ 1.30	\$ 1.30

(1) During 2025, the Company recorded a cost recovery in connection with a previous settlement, that was received in the fourth quarter of 2025 from an escrow fund from a prior acquisition. This was partially offset by the settlement of an immaterial legal matter and an impairment recognized on an office lease in Canada. During 2024, represents the settlements of certain industry class-action lawsuits and other legal settlements.

(2) Fair value adjustments to contingent consideration include amounts recognized for changes in the estimated fair value of the contingent consideration liabilities.

(3) During 2025 and 2024, the Company restructured its support services to further enhance the overall customer experience.

(4) Change in estimated tax receivable agreement liability is the result of a valuation allowance on deferred tax assets.

(5) Other adjustments are primarily made up of losses on disposal of assets in 2025 and employee retention related expenses from the Company's CEO transition in 2024.

(6) 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.

(7) Non-GAAP measure. See the end of this presentation for definitions of non-GAAP measures.

// Adjusted Free Cash Flow & Unencumbered Cash Generation

(\$ in thousands, except percentages)	Year Ended December 31,	
	2025	2024
Cash flow from operations	\$ 40,878	\$ 59,652
Less: Purchases of property, equipment and capitalization of software	(7,374)	(6,622)
(Increases) decreases in restricted cash of the Marketing Funds ⁽¹⁾	(1,664)	(2,028)
Adjusted free cash flow ⁽²⁾	31,840	51,002
Adjusted free cash flow ⁽²⁾	31,840	51,002
Less: Tax/Other non-dividend distributions to RIHI	—	—
Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾	31,840	51,002
Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾	31,840	51,002
Less: Debt principal payments	(4,600)	(4,600)
Unencumbered cash generated ⁽²⁾	\$ 27,240	\$ 46,402
Summary		
Cash flow from operations	\$ 40,878	\$ 59,652
Adjusted free cash flow ⁽²⁾	\$ 31,840	\$ 51,002
Adjusted free cash flow after tax/non-dividend distributions to RIHI ⁽²⁾	\$ 31,840	\$ 51,002
Unencumbered cash generated ⁽²⁾	\$ 27,240	\$ 46,402
Adjusted EBITDA ⁽²⁾	\$ 93,721	\$ 97,700
Adjusted free cash flow as % of Adjusted EBITDA ⁽²⁾	34.0%	52.2%
Adjusted free cash flow less distributions to RIHI as % of Adjusted EBITDA ⁽²⁾	34.0%	52.2%
Unencumbered cash generated as % of Adjusted EBITDA ⁽²⁾	29.1%	47.5%

(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 presentation 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 (loss), 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, 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. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue.

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 settlements of certain 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, 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.

// Non-GAAP Financial Measures (continued)

Adjusted net income (loss) is calculated as Net income (loss) 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 (loss) (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 (loss) 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, Inc. ("RIHI"), an entity majority owned and controlled by David Liniger, our Chairman and Co-Founder, and by Gail Liniger, our Vice Chair Emerita and Co-Founder, 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.