

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____



Commission File No. 001-35674

Anywhere Real Estate Inc.

(Exact name of registrant as specified in its charter)

20-8050955

(I.R.S. Employer Identification Number)

Commission File No. 333-148153

Anywhere Real Estate Group LLC

(Exact name of registrant as specified in its charter)

20-4381990

(I.R.S. Employer Identification Number)

Delaware

(State or other jurisdiction of incorporation or organization)

(973) 407-2000

(Registrants' telephone number, including area code)

175 Park Avenue

Madison, New Jersey 07940

(Address of principal executive offices, including zip 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
Anywhere Real Estate Inc.	Common Stock, par value \$0.01 per share	HOUS	New York Stock Exchange
Anywhere Real Estate Group LLC	None	None	None

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Anywhere Real Estate Inc. Yes ☒ No ☐ Anywhere Real Estate Group LLC Yes ☐ No ☒

Indicate by check mark whether the Registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrants were required to submit such files).

Anywhere Real Estate Inc. Yes ☒ No ☐ Anywhere Real Estate Group LLC Yes ☒ No ☐

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies, or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Anywhere Real Estate Inc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anywhere Real Estate Group LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Indicate by check mark whether the Registrants are a shell company (as defined in Rule 12b-2 of the Exchange Act).

Anywhere Real Estate Inc. Yes ☐ No ☒ Anywhere Real Estate Group LLC Yes ☐ No ☒

There were 110,487,870 shares of Common Stock, \$0.01 par value, of Anywhere Real Estate Inc. outstanding as of October 31, 2023.

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INTRODUCTORY NOTE

Except as otherwise indicated or unless the context otherwise requires, the terms "we," "us," "our," "our company," "Anywhere" and the "Company" refer to Anywhere Real Estate Inc., a Delaware corporation, and its consolidated subsidiaries, including Anywhere Intermediate Holdings LLC, a Delaware limited liability company ("Anywhere Intermediate"), and Anywhere Real Estate Group LLC, a Delaware limited liability company ("Anywhere Group"). Neither Anywhere, the indirect parent of Anywhere Group, nor Anywhere Intermediate, the direct parent company of Anywhere Group, conducts any operations other than with respect to its respective direct or indirect ownership of Anywhere Group. As a result, the consolidated financial positions, results of operations and cash flows of Anywhere, Anywhere Intermediate and Anywhere Group are the same.

As used in this Quarterly Report on Form 10-Q:

- *"Senior Secured Credit Agreement" refers to the Amended and Restated Credit Agreement dated as of March 5, 2013, as amended, amended and restated, modified or supplemented from time to time, that governs the senior secured credit facility, or "Senior Secured Credit Facility", which includes the "Revolving Credit Facility";*
- *"Term Loan A Agreement" refers to the Term Loan A Agreement, dated as of October 23, 2015, as amended, amended and restated, modified or supplemented from time to time, which includes "Extended Term Loan A", also referred to as the "Term Loan A Facility";"*
- *"7.00% Senior Secured Second Lien Notes" refers to our 7.00% Senior Secured Second Lien Notes due 2030 (issued in August 2023);*
- *"5.75% Senior Notes" and "5.25% Senior Notes" refer to our 5.75% Senior Notes due 2029 and 5.25% Senior Notes due 2030, respectively, and are referred to collectively as the "Unsecured Notes;"*
- *"4.875% Senior Notes" refers to our 4.875% Senior Notes due 2023 (redeemed in full in November 2022), "9.375% Senior Notes" refers to 9.375% Senior Notes due 2027 (redeemed in full in February 2022) and "7.625% Senior Secured Second Lien Notes" refers to our 7.625% Senior Secured Second Lien Notes due 2025 (redeemed in full in February 2022); and*
- *"Exchangeable Senior Notes" refers to our 0.25% Exchangeable Senior Notes due 2026.*

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "believe," "expect," "anticipate," "intend," "project," "estimate," "plan," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could."

In particular, information appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, it is based on management's current plans and expectations, expressed in good faith and believed to have a reasonable basis. However, we can give no assurance that any such expectation or belief will result or will be achieved or accomplished.

The following include some, but not all, of the risks and uncertainties that could affect our future results and cause actual results to differ materially from those expressed in the forward-looking statements:

- The residential real estate market is cyclical, and we are negatively impacted by adverse developments or the absence of sustained improvement in the U.S. residential real estate markets, either regionally or nationally, which could include, but are not limited to factors that impact homesale transaction volume (homesale sides times average homesale price), such as:
 - continued or accelerated declines, or the absence of significant increases, in the number of home sales;
 - stagnant or declining home prices;
 - continued or accelerated increases in mortgage rates or a prolonged high interest rate environment;
 - continued or accelerated reductions in housing affordability;
 - continued or accelerated declines in consumer demand; and
 - continued or accelerated declines in inventory or excessive inventory;
- We are negatively impacted by adverse developments or the absence of sustained improvement in macroeconomic conditions (such as business, economic or political conditions) on a global, domestic or local basis, which could include, but are not limited to:
 - contraction, stagnation or uncertainty in the U.S. economy;
 - economic instability, including as related to foreign conflicts;
 - continued or accelerated increases in inflation;
 - the impact of any recent or future bank failures;
 - the potential or actual shutdown of the U.S. government due to a failure to enact debt ceiling legislation; and
 - fiscal and monetary policies of the federal government and its agencies, particularly those that may result in unfavorable changes to the interest rate environment or tax reform;
- A failure to obtain preliminary or final court approval of the seller antitrust litigation settlement as well as other adverse developments or outcomes in current or future litigation, in particular pending class action antitrust litigation and litigation related to the Telephone Consumer Protection Act ("TCPA"), that may materially harm our business, results of operations and financial condition;
- We are subject to risks related to industry structure changes that disrupt the functioning of the residential real estate market, including as a result of litigation, legislative or regulatory developments, such as a change in the manner in which broker commissions are paid;
- Risks related to the impact of evolving competitive and consumer dynamics, whether driven by competitive or regulatory factors or other changes to industry rules, which could include, but are not limited to:
 - continued erosion of our share of the commission income generated by homesale transactions could continue to negatively affect our profitability;
 - our ability to compete against traditional and non-traditional competitors;
 - our ability to adapt our business to changing consumer preferences, including any decrease in the use of agents and brokers in residential real estate transactions;

- further disruption in the residential real estate brokerage industry related to listing aggregator market power and concentration, including with respect to ancillary services; and
- meaningful decreases in the average broker commission rate (including the average buy-side commission rate) due to industry structure changes that disrupt the functioning of the residential real estate market;
- Our business and financial results may be materially and adversely impacted if we are unable to execute our business strategy, including if we are not successful in our efforts to:
 - recruit and retain productive independent sales agents and/or independent sales agent teams;
 - attract and retain franchisees or renew existing franchise agreements without reducing contractual royalty rates or increasing the amount and prevalence of sales incentives;
 - develop or procure products, services and technology that support our strategic initiatives;
 - safely adopt and integrate Artificial Intelligence (AI) and other machine learning technology into our products and services;
 - simplify and modernize our business and achieve or maintain a beneficial cost structure or savings and other benefits from our cost-saving initiatives;
 - generate a meaningful number of high-quality leads for independent sales agents and franchisees;
 - complete or integrate acquisitions and joint ventures or effectively manage divestitures; and
 - realize the expected benefits from our existing or future joint ventures and strategic partnerships;
- Our substantial indebtedness, alone or in combination with other factors, particularly heightened during industry downturns or broader recessions, could (i) adversely limit our operations, (ii) adversely impact our liquidity including, but not limited to, with respect to our interest obligations and the negative covenant restrictions contained in our debt agreements and/or (iii) adversely impact our ability, and any actions we may take, to refinance, restructure or repay our indebtedness or incur additional indebtedness, which could be further impacted in the event of a rating agency downgrade of our indebtedness;
- An event of default under our material debt agreements would adversely affect our operations and our ability to satisfy obligations under our indebtedness;
- Our financial condition and/or results of operations may be adversely impacted by risks related to our business structure, including, but not limited to:
 - the operating results of affiliated franchisees and their ability to pay franchise and related fees;
 - continued consolidation among our top 250 franchisees;
 - difficulties in the business of, or challenges in our relationships with the owners of the two brands we do not own;
 - the geographic and high-end market concentration of our company owned brokerages;
 - the loss of our largest real estate benefit program client or multiple significant relocation clients;
 - the failure of third-party vendors or partners to perform as expected or our failure to adequately monitor them;
 - our reliance on information technology to operate our business and maintain our competitiveness; and
 - the negligence or intentional actions of affiliated franchisees and their independent sales agents or independent sales agents engaged by our company owned brokerages, which are traditionally outside of our control, and any resulting direct claims against us based on theories of vicarious liability, negligence, joint operations or joint employer liability;
- We are subject to risks related to legal and regulatory matters, which may cause us to incur increased costs (including significant judgments or settlements as well as in connection with compliance efforts) and/or result in adverse financial, operational or reputational consequences to us, including but not limited to, our failure or alleged failure to comply with laws, regulations and regulatory interpretations and any changes or stricter interpretations of any of the foregoing (whether through private litigation or governmental action), including but not limited to: (1) antitrust laws and regulations, which generally include joint and several liability and treble damages, (2) the Real Estate Settlement Procedures Act ("RESPA") or other federal or state consumer protection or similar laws, (3) state or federal employment laws or regulations that would require reclassification of independent contractor sales agents to employee status, (4) the TCPA and any related laws limiting solicitation of business, and (5) privacy or cybersecurity laws and regulations;

- We face reputational, business continuity and legal and financial risks associated with cybersecurity incidents;
- Our goodwill and other long-lived assets are subject to further impairment which could negatively impact our earnings;
- We could be subject to significant losses if banks do not honor our escrow and trust deposits;
- Changes in accounting standards and management assumptions and estimates could have a negative impact on us;
- We face risks related to potential attrition among our senior executives or other key employees and related to our ability to develop our existing workforce and to recruit talent in order to advance our business strategies;
- We are subject to risks related to the issuance of the Exchangeable Senior Notes and exchangeable note hedge and warrant transactions, including the potential impact on the value of our common stock and counterparty risk;
- We face risks related to severe weather events or natural disasters, including increasing severity or frequency of such events due to climate change or otherwise, or other catastrophic events, including public health crises, such as pandemics and epidemics, as well as the adverse impact of such events on the cost of homeowners and flood insurance costs;
- Increasing scrutiny and changing expectations related to corporate sustainability practices may impose additional costs on us or expose us to reputational or other risks;
- Market forecasts and estimates, including our internal estimates, may prove to be inaccurate and, even if achieved, our business could fail to grow; and
- We face risks related to our common stock, including that price of our common stock may fluctuate significantly.

More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission ("SEC"), including this Quarterly Report, our Quarterly Report for the quarter ended March 31, 2023 and our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K"), particularly under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings." Most of these factors are difficult to anticipate and are generally beyond our control. You should consider these factors in connection with any forward-looking statements that may be made by us and our businesses generally.

All forward-looking statements herein speak only as of the date of this Quarterly Report. Except as is required by law, we expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this Quarterly Report. For any forward-looking statement contained in this Quarterly Report, our public filings or other public statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Anywhere Real Estate Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Anywhere Real Estate Inc. and its subsidiaries (the "Company") as of September 30, 2023, and the related condensed consolidated statements of operations, comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, and of cash flows for the nine-month periods ended September 30, 2023 and 2022, including the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, comprehensive (loss) income, equity and of cash flows for the year then ended (not presented herein), and in our report dated February 24, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
November 2, 2023

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Anywhere Real Estate Group LLC

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Anywhere Real Estate Group LLC and its subsidiaries (the "Company") as of September 30, 2023, and the related condensed consolidated statements of operations, comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, and of cash flows for the nine-month periods ended September 30, 2023 and 2022, including the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, comprehensive (loss) income, and of cash flows for the year then ended (not presented herein), and in our report dated February 24, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our reviews in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB or in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
November 2, 2023

ANYWHERE REAL ESTATE INC. AND ANYWHERE REAL ESTATE GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Gross commission income	\$ 1,293	\$ 1,469	\$ 3,559	\$ 4,473
Service revenue	155	189	445	652
Franchise fees	99	114	270	338
Other	37	36	112	122
Net revenues	1,584	1,808	4,386	5,585
Expenses				
Commission and other agent-related costs	1,037	1,170	2,852	3,560
Operating	284	320	869	1,082
Marketing	56	59	161	195
General and administrative	104	92	331	297
Former parent legacy cost, net	—	1	17	1
Restructuring costs, net	9	16	40	23
Impairments	3	3	11	3
Depreciation and amortization	50	53	149	159
Interest expense, net	37	30	114	76
(Gain) loss on the early extinguishment of debt	(169)	—	(169)	92
Other expense (income), net	3	(2)	1	(140)
Total expenses	1,414	1,742	4,376	5,348
Income before income taxes, equity in (earnings) losses and noncontrolling interests	170	66	10	237
Income tax expense	45	8	7	52
Equity in (earnings) losses of unconsolidated entities	(4)	2	(7)	16
Net income	129	56	10	169
Less: Net income attributable to noncontrolling interests	—	(1)	—	(3)
Net income attributable to Anywhere and Anywhere Group	\$ 129	\$ 55	\$ 10	\$ 166
Earnings per share attributable to Anywhere shareholders:				
Basic earnings per share	\$ 1.17	\$ 0.49	\$ 0.09	\$ 1.44
Diluted earnings per share	\$ 1.15	\$ 0.48	\$ 0.09	\$ 1.42
Weighted average common and common equivalent shares of Anywhere outstanding:				
Basic	110.5	112.2	110.2	115.3
Diluted	112.1	113.5	111.6	117.0

See Notes to Condensed Consolidated Financial Statements.

ANYWHERE REAL ESTATE INC. AND ANYWHERE REAL ESTATE GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 129	\$ 56	\$ 10	\$ 169
Currency translation adjustment	(1)	(2)	(1)	(2)
Defined benefit pension plan—amortization of actuarial gain (loss) to periodic pension cost	1	1	2	2
Other comprehensive (loss) income, before tax	—	(1)	1	—
Income tax expense related to items of other comprehensive income amounts	—	—	—	—
Other comprehensive (loss) income, net of tax	—	(1)	1	—
Comprehensive income	129	55	11	169
Less: comprehensive income attributable to noncontrolling interests	—	(1)	—	(3)
Comprehensive income attributable to Anywhere and Anywhere Group	<u>\$ 129</u>	<u>\$ 54</u>	<u>\$ 11</u>	<u>\$ 166</u>

See Notes to Condensed Consolidated Financial Statements.

ANYWHERE REAL ESTATE INC. AND ANYWHERE REAL ESTATE GROUP LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 151	\$ 214
Restricted cash	7	4
Trade receivables (net of allowance for doubtful accounts of \$15 and \$12)	135	201
Relocation receivables	204	210
Other current assets	198	205
Total current assets	695	834
Property and equipment, net	284	317
Operating lease assets, net	391	422
Goodwill	2,524	2,523
Trademarks	611	611
Franchise agreements, net	904	954
Other intangibles, net	134	150
Other non-current assets	516	572
Total assets	\$ 6,059	\$ 6,383
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 104	\$ 184
Securitization obligations	170	163
Current portion of long-term debt	321	366
Current portion of operating lease liabilities	116	122
Accrued expenses and other current liabilities	579	470
Total current liabilities	1,290	1,305
Long-term debt	2,239	2,483
Long-term operating lease liabilities	345	371
Deferred income taxes	211	239
Other non-current liabilities	189	218
Total liabilities	4,274	4,616
Commitments and contingencies (Note 7)		
Equity:		
Anywhere preferred stock: \$0.01 par value; 50,000,000 shares authorized, none issued and outstanding at September 30, 2023 and December 31, 2022	—	—
Anywhere common stock: \$0.01 par value; 400,000,000 shares authorized, 110,484,931 shares issued and outstanding at September 30, 2023 and 109,480,357 shares issued and outstanding at December 31, 2022	1	1
Additional paid-in capital	4,813	4,805
Accumulated deficit	(2,984)	(2,994)
Accumulated other comprehensive loss	(47)	(48)
Total stockholders' equity	1,783	1,764
Noncontrolling interests	2	3
Total equity	1,785	1,767
Total liabilities and equity	\$ 6,059	\$ 6,383

See Notes to Condensed Consolidated Financial Statements.

ANYWHERE REAL ESTATE INC. AND ANYWHERE REAL ESTATE GROUP LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Operating Activities		
Net income	\$ 10	\$ 169
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	149	159
Deferred income taxes	(30)	6
Impairments	11	3
Amortization of deferred financing costs and debt premium	6	7
(Gain) loss on the early extinguishment of debt	(169)	92
Loss (gain) on the sale of businesses, investments or other assets, net	2	(135)
Equity in (earnings) losses of unconsolidated entities	(7)	16
Stock-based compensation	12	20
Mark-to-market adjustments on derivatives	—	(40)
Other adjustments to net income	(3)	(3)
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Trade receivables	65	(44)
Relocation receivables	6	(112)
Other assets	71	(50)
Accounts payable, accrued expenses and other liabilities	12	(139)
Dividends received from unconsolidated entities	3	2
Other, net	(13)	(22)
Net cash provided by (used in) operating activities	125	(71)
Investing Activities		
Property and equipment additions	(52)	(83)
Payments for acquisitions, net of cash acquired	(1)	(17)
Net proceeds from the sale of businesses	8	63
Investment in unconsolidated entities	(1)	(18)
Proceeds from the sale of investments in unconsolidated entities	6	13
Other, net	1	17
Net cash used in investing activities	(39)	(25)
Financing Activities		
Net change in revolving credit facilities	(50)	—
Proceeds from issuance of Senior Secured Second Lien Notes	640	—
Proceeds from issuance of Senior Notes	—	1,000
Redemption of Senior Secured Second Lien Notes	—	(550)
Redemption and repurchases of Senior Notes	(688)	(617)
Amortization payments on term loan facilities	(11)	(7)
Net change in securitization obligations	7	51
Debt issuance costs	(13)	(22)
Cash paid for fees associated with early extinguishment of debt	(2)	(80)
Repurchase of common stock	—	(97)
Taxes paid related to net share settlement for stock-based compensation	(4)	(16)
Other, net	(25)	(29)
Net cash used in financing activities	(146)	(367)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	—	(3)
Net decrease in cash, cash equivalents and restricted cash	(60)	(466)
Cash, cash equivalents and restricted cash, beginning of period	218	743
Cash, cash equivalents and restricted cash, end of period	\$ 158	\$ 277
Supplemental Disclosure of Cash Flow Information		
Interest payments (including securitization interest of \$10 and \$4 respectively)	\$ 135	\$ 123
Income tax payments, net	4	61

See Notes to Condensed Consolidated Financial Statements.

ANYWHERE REAL ESTATE INC. AND ANYWHERE REAL ESTATE GROUP LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, all amounts are in millions)
(Unaudited)

1. BASIS OF PRESENTATION

Anywhere Real Estate Inc. ("Anywhere" or the "Company") is a holding company for its consolidated subsidiaries including Anywhere Intermediate Holdings LLC ("Anywhere Intermediate") and Anywhere Real Estate Group LLC ("Anywhere Group") and its consolidated subsidiaries. Anywhere, through its subsidiaries, is a global provider of residential real estate services. Neither Anywhere, the indirect parent of Anywhere Group, nor Anywhere Intermediate, the direct parent company of Anywhere Group, conducts any operations other than with respect to its respective direct or indirect ownership of Anywhere Group. As a result, the consolidated financial positions, results of operations, comprehensive income and cash flows of Anywhere, Anywhere Intermediate and Anywhere Group are the same.

The accompanying Condensed Consolidated Financial Statements include the financial statements of Anywhere and Anywhere Group. Anywhere's only asset is its investment in the common stock of Anywhere Intermediate, and Anywhere Intermediate's only asset is its investment in Anywhere Group. Anywhere's only obligations are its guarantees of certain borrowings and certain franchise obligations of Anywhere Group. All expenses incurred by Anywhere and Anywhere Intermediate are for the benefit of Anywhere Group and have been reflected in Anywhere Group's Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and with Article 10 of Regulation S-X. Interim results may not be indicative of full year performance because of seasonal and short-term variations. The Company has eliminated all material intercompany transactions and balances between entities consolidated in these financial statements. In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and the related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ materially from those estimates.

In management's opinion, the accompanying unaudited Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary for a fair statement of Anywhere and Anywhere Group's financial position as of September 30, 2023 and the results of operations and comprehensive income for the three and nine months ended September 30, 2023 and 2022 and cash flows for the nine months ended September 30, 2023 and 2022. The Consolidated Balance Sheet at December 31, 2022 was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. The Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2022.

The Company reports its operations in three business segments:

- **Anywhere Brands ("Franchise Group")**—franchises a portfolio of well-known, industry-leading franchise brokerage brands, including Better Homes and Gardens® Real Estate, Century 21®, Coldwell Banker®, Coldwell Banker Commercial®, Corcoran®, ERA® and Sotheby's International Realty®. This segment also includes the Company's lead generation activities through Anywhere Leads Group ("Leads Group") and global relocation services operation through Cartus® Relocation Services ("Cartus").
- **Anywhere Advisors ("Owned Brokerage Group")**—operates a full-service real estate brokerage business principally under the Coldwell Banker®, Corcoran® and Sotheby's International Realty® brand names in many of the largest metropolitan areas in the U.S. This segment also includes the Company's share of equity earnings or losses from the Company's minority-owned real estate auction joint venture.
- **Anywhere Integrated Services ("Title Group")**—provides full-service title, escrow and settlement services to consumers, real estate companies, corporations and financial institutions primarily in support of residential real estate transactions. This segment also includes the Company's share of equity earnings or losses from Guaranteed Rate Affinity, the Company's minority-owned mortgage origination joint venture, and from the Company's minority-owned title insurance underwriter joint venture.

Sale of the Title Insurance Underwriter

On March 29, 2022, the Company sold its title insurance underwriter, Title Resources Guaranty Company (the "Title Underwriter") (previously reported in the Title Group reportable segment), to an affiliate of Centerbridge for \$210 million (prior to expenses and tax) and a 30% equity interest in the form of common units in a title insurance underwriter joint venture that owns the Title Underwriter (the "Title Insurance Underwriter Joint Venture"). Upon closing of the transaction, the Company received \$208 million of cash and recorded a \$90 million investment related to its 30% equity interest in the Title Insurance Underwriter Joint Venture. As a result of the transaction, the Company disposed of \$166 million of net assets, including \$152 million of cash held as statutory reserves by the Title Underwriter and \$32 million of goodwill, and recognized a gain of \$131 million, net of fees, recorded in the Other income, net line on the Condensed Consolidated Statements of Operations. During the second quarter of 2022, the Company sold a portion of its interest in the Title Insurance Underwriter Joint Venture to a third party, reducing the Company's equity interest from 30% to 26% and resulting in a gain of \$4 million. During the first quarter of 2023, the Company sold an additional portion of its interest in the Title Insurance Underwriter Joint Venture to a third party, reducing the Company's equity interest from 26% to 25% and resulting in a gain of \$1 million. See Note 2, "Equity Method Investments", for additional information related to the Title Insurance Underwriter Joint Venture.

Fair Value Measurements

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Level Input:	Input Definitions:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The availability of observable inputs can vary from asset to asset and is affected by a wide variety of factors, including, for example, the type of asset, whether the asset is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level III. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of financial instruments is generally determined by reference to quoted market values. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The fair value of interest rate swaps is determined based upon a discounted cash flow approach.

The Company measures financial instruments at fair value on a recurring basis and recognizes transfers within the fair value hierarchy at the end of the fiscal quarter in which the change in circumstances that caused the transfer occurred.

The following table summarizes fair value measurements by level at September 30, 2023 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Deferred compensation plan assets (included in other non-current assets)	\$ 1	\$ —	\$ —	\$ 1
Contingent consideration for acquisitions (included in accrued expenses and other current liabilities and other non-current liabilities)	—	—	6	6

The following table summarizes fair value measurements by level at December 31, 2022 for assets and liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Deferred compensation plan assets (included in other non-current assets)	\$ 1	\$ —	\$ —	\$ 1
Contingent consideration for acquisitions (included in accrued expenses and other current liabilities and other non-current liabilities)	—	—	12	12

The fair value of the Company's contingent consideration for acquisitions is measured using a probability weighted-average discount rate to estimate future cash flows based upon the likelihood of achieving future operating results for individual acquisitions. These assumptions are deemed to be unobservable inputs and as such the Company's contingent consideration is classified within Level III of the valuation hierarchy. The Company reassesses the fair value of the contingent consideration liabilities on a quarterly basis.

The following table presents changes in Level III financial liabilities measured at fair value on a recurring basis:

	Level III
Fair value of contingent consideration at December 31, 2022	\$ 12
Additions: contingent consideration related to acquisitions completed during the period	—
Reductions: payments of contingent consideration	(4)
Changes in fair value (reflected in general and administrative expenses)	(2)
Fair value of contingent consideration at September 30, 2023	\$ 6

The following table summarizes the principal amount of the Company's indebtedness compared to the estimated fair value, primarily determined by quoted market values, at:

	September 30, 2023		December 31, 2022	
Debt	Principal Amount	Estimated Fair Value (a)	Principal Amount	Estimated Fair Value (a)
Revolving Credit Facility	\$ 300	\$ 300	\$ 350	\$ 350
Extended Term Loan A	211	210	222	216
7.00% Senior Secured Second Lien Notes	640	578	—	—
5.75% Senior Notes	576	415	900	680
5.25% Senior Notes	457	318	1,000	729
0.25% Exchangeable Senior Notes	403	307	403	280

(a) The fair value of the Company's indebtedness is categorized as Level II.

Income Taxes

The Company's provision for income taxes in interim periods is computed by applying its estimated annual effective tax rate against the income before income taxes for the period. In addition, non-recurring or discrete items are recorded in the period in which they occur. The provision for income taxes was an expense of \$45 million and \$8 million for the three months ended September 30, 2023 and 2022, respectively, and an expense of \$7 million and \$52 million for the nine months ended September 30, 2023 and 2022, respectively.

Derivative Instruments

The Company records derivatives and hedging activities on the balance sheet at their respective fair values. The Company's remaining interest rate swaps expired in November 2022 and, as of September 30, 2023, the Company had no interest rate swaps. The Company had not elected to utilize hedge accounting for these interest rate swaps; therefore, any change in fair value was recorded in the Condensed Consolidated Statements of Operations. The gain recognized for interest rate swap contracts was \$5 million and \$40 million for the three and nine months ended September 30, 2022, respectively, which was recorded in Interest expense in the accompanying Condensed Consolidated Statements of Operations.

Revenue

Revenue is recognized upon the transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services in accordance with the revenue accounting standard. The Company's revenue is disaggregated by major revenue categories on our Condensed Consolidated Statements of Operations and further disaggregated by business segment as follows:

Three Months Ended September 30,										
	Franchise Group		Owned Brokerage Group		Title Group		Corporate and Other		Total Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Gross commission income (a)	\$ —	\$ —	\$ 1,293	\$ 1,469	\$ —	\$ —	\$ —	\$ —	\$ 1,293	\$ 1,469
Service revenue (b)	60	75	6	5	89	109	—	—	155	189
Franchise fees (c)	183	208	—	—	—	—	(84)	(94)	99	114
Other (d)	28	23	10	12	4	4	(5)	(3)	37	36
Net revenues	<u>\$ 271</u>	<u>\$ 306</u>	<u>\$ 1,309</u>	<u>\$ 1,486</u>	<u>\$ 93</u>	<u>\$ 113</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ 1,584</u>	<u>\$ 1,808</u>

Nine Months Ended September 30,										
	Franchise Group		Owned Brokerage Group		Title Group		Corporate and Other		Total Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Gross commission income (a)	\$ —	\$ —	\$ 3,559	\$ 4,473	\$ —	\$ —	\$ —	\$ —	\$ 3,559	\$ 4,473
Service revenue (b)	177	204	16	17	252	431	—	—	445	652
Franchise fees (c)	503	625	—	—	—	—	(233)	(287)	270	338
Other (d)	82	83	29	35	13	16	(12)	(12)	112	122
Net revenues	<u>\$ 762</u>	<u>\$ 912</u>	<u>\$ 3,604</u>	<u>\$ 4,525</u>	<u>\$ 265</u>	<u>\$ 447</u>	<u>\$ (245)</u>	<u>\$ (299)</u>	<u>\$ 4,386</u>	<u>\$ 5,585</u>

- (a) Gross commission income at Owned Brokerage Group is recognized at a point in time at the closing of a homesale transaction.
- (b) Service revenue primarily consists of title and escrow fees at Title Group and are recognized at a point in time at the closing of a homesale transaction. Service revenue at Franchise Group includes relocation fees, which are recognized as revenue when or as the related performance obligation is satisfied dependent on the type of service performed, and fees related to leads and related services, which are recognized at a point in time at the closing of a homesale transaction or at the completion of the related service.
- (c) Franchise fees at Franchise Group primarily include domestic royalties which are recognized at a point in time when the underlying franchisee revenue is earned (upon close of the homesale transaction).
- (d) Other revenue is comprised of brand marketing funds received from franchisees at Franchise Group and other miscellaneous revenues across all of the business segments.

The following table shows the change in the Company's contract liabilities (deferred revenue) related to revenue contracts by reportable segment for the period:

	Beginning Balance at January 1, 2023	Additions during the period	Recognized as Revenue during the period	Ending Balance at September 30, 2023
Franchise Group:				
Deferred area development fees (a)	\$ 40	\$ 3	\$ (3)	\$ 40
Deferred brand marketing fund fees (b)	26	56	(61)	21
Deferred outsourcing management fees (c)	4	34	(35)	3
Other deferred income related to revenue contracts	10	27	(26)	11
Total Franchise Group	80	120	(125)	75
Owned Brokerage Group:				
Advanced commissions related to development business (d)	11	4	(3)	12
Other deferred income related to revenue contracts	3	3	(3)	3
Total Owned Brokerage Group	14	7	(6)	15
Total	<u>\$ 94</u>	<u>\$ 127</u>	<u>\$ (131)</u>	<u>\$ 90</u>

- (a) The Company collects initial area development fees ("ADF") for international territory transactions, which are recorded as deferred revenue when received and recognized into franchise revenue over the average 25 year life of the related franchise agreement as consideration for the right to access and benefit from Anywhere's brands. In the event an ADF agreement is terminated prior to the end of its term, the unamortized deferred revenue balance will be recognized into revenue immediately upon termination.
- (b) Revenues recognized include intercompany marketing fees paid by Owned Brokerage Group.
- (c) The Company earns revenues from outsourcing management fees charged to clients that may cover several of the various relocation services according to the clients' specific needs. Outsourcing management fees are recorded as deferred revenue when billed (usually at the start of the relocation) and are recognized as revenue over the average time period required to complete the transferee's move, or a phase of the move that the fee covers, which is typically 3 to 6 months depending on the move type.
- (d) New development closings generally have a development period of between 18 and 24 months from contracted date to closing.

Allowance for Doubtful Accounts

The Company estimates the allowance necessary to provide for uncollectible accounts receivable. The estimate is based on historical experience, combined with a review of current conditions and forecasts of future losses, and includes specific accounts for which payment has become unlikely. The process by which the Company calculates the allowance is performed in the individual business units where specific problem accounts are identified and reserved primarily based upon the age profile of the receivables and specific payment issues, combined with reasonable and supportable forecasts of future losses.

Supplemental Cash Flow Information

Significant non-cash transactions included finance lease additions of \$5 million and \$9 million during the nine months ended September 30, 2023 and 2022, respectively, which resulted in non-cash additions to property and equipment, net and other non-current liabilities. Additionally, significant non-cash transactions during the nine months ended September 30, 2022 included the establishment of a \$90 million investment related to the Company's initial equity interest in the Title Insurance Underwriter Joint Venture in the first quarter of 2022.

Leases

The Company's lease obligations as of September 30, 2023 have not changed materially from the amounts reported in the 2022 Form 10-K.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs"). Recently issued standards were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

2. EQUITY METHOD INVESTMENTS

The Company has various equity method investments which are recorded within other non-current assets on the accompanying Condensed Consolidated Balance Sheets. The Company has certain governance rights but does not have a controlling financial or operating interest in these investments. The Company's share of equity earnings or losses related to these investments are included in the financial results of the Title Group and Owned Brokerage Group reportable segments. The Company's equity method investment balances at September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
Guaranteed Rate Affinity (1)	\$ 73	\$ 72
Title Insurance Underwriter Joint Venture (2)	74	75
Other Title Group equity method investments (3)	10	10
Total Title Group equity method investments	157	157
Owned Brokerage Group equity method investments (4)	24	27
Total equity method investments	\$ 181	\$ 184

(1) The Company's 49.9% minority-owned mortgage origination joint venture with Guaranteed Rate, Inc.

(2) The Company's 25% equity interest in the Title Insurance Underwriter Joint Venture formed on March 29, 2022. During the first quarter of 2023, the Company sold a portion of its interest in the Title Insurance Underwriter Joint Venture to a third party, reducing

the Company's equity interest from 26% to 25% (see Note 1, "Basis of Presentation—Sale of the Title Insurance Underwriter", for additional information).

- (3) Includes Title Group's various other equity method investments. The Company invested an additional \$1 million and received \$3 million in cash dividends related to these investments during the nine months ended September 30, 2023.
- (4) Includes the Company's former 49% investment in RealSure (operations were ceased in the fourth quarter of 2022), the Company's 50% owned unconsolidated real estate auction joint venture with Sotheby's and other brokerage related investments. The Company recorded a \$3 million loss on the sale of a brokerage related investment during the nine months ended September 30, 2023.

The Company recorded equity in (earnings) losses from its equity method investments as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Guaranteed Rate Affinity	\$ (1)	\$ 3	\$ (1)	\$ 12
Title Insurance Underwriter Joint Venture	(2)	(2)	(4)	(5)
Other Title Group equity method investments	(1)	(3)	(2)	(4)
Owned Brokerage Group equity method investments	—	4	—	13
Equity in (earnings) losses of unconsolidated entities	\$ (4)	\$ 2	\$ (7)	\$ 16

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill by reporting unit and changes in the carrying amount are as follows:

	Franchise Group	Owned Brokerage Group	Title Group	Total Company
Balance at December 31, 2022	\$ 2,392	\$ —	\$ 131	\$ 2,523
Goodwill acquired (a)	—	1	—	1
Balance at September 30, 2023	\$ 2,392	\$ 1	\$ 131	\$ 2,524
Accumulated impairment losses (b)	\$ 1,561	\$ 1,088	\$ 324	\$ 2,973

- (a) Goodwill acquired during the nine months ended September 30, 2023 relates to the acquisition of one real estate brokerage operation.
- (b) Includes impairment charges which reduced goodwill by \$394 million during 2022, \$540 million during 2020, \$253 million during 2019, \$1,279 million during 2008 and \$507 million during 2007.

Intangible Assets

Intangible assets are as follows:

	As of September 30, 2023			As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable—Franchise agreements (a)	\$ 2,010	\$ 1,106	\$ 904	\$ 2,010	\$ 1,056	\$ 954
Indefinite life—Trademarks (b)	\$ 611		\$ 611	\$ 611		\$ 611
<i>Other Intangibles</i>						
Amortizable—License agreements (c)	\$ 45	\$ 15	\$ 30	\$ 45	\$ 15	\$ 30
Amortizable—Customer relationships (d)	456	382	74	456	366	90
Indefinite life—Title plant shares (e)	29		29	28		28
Amortizable—Other (f)	7	6	1	11	9	2
Total Other Intangibles	\$ 537	\$ 403	\$ 134	\$ 540	\$ 390	\$ 150

- (a) Generally amortized over a period of 30 years.
- (b) Primarily related to real estate franchise, title and relocation trademarks which are expected to generate future cash flows for an indefinite period of time.

- (c) Relates to the Sotheby's International Realty® and Better Homes and Gardens® Real Estate agreements which are being amortized over 50 years (the contractual term of the license agreements).
- (d) Relates to the customer relationships at Franchise Group, Title Group and Owned Brokerage Group. These relationships are being amortized over a period of 7 to 20 years.
- (e) Ownership in a title plant is required to transact title insurance in certain states. The Company expects to generate future cash flows for an indefinite period of time.
- (f) Consists of covenants not to compete which are amortized over their contract lives and other intangibles which are generally amortized over periods ranging from 3 to 5 years.

Intangible asset amortization expense is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Franchise agreements	\$ 17	\$ 17	\$ 50	\$ 50
License agreements	—	1	—	1
Customer relationships	5	6	16	16
Other	—	1	1	7
Total	\$ 22	\$ 25	\$ 67	\$ 74

Based on the Company's amortizable intangible assets as of September 30, 2023, the Company expects related amortization expense for the remainder of 2023, the four succeeding years and thereafter to be approximately \$23 million, \$89 million, \$89 million, \$89 million, \$74 million and \$645 million, respectively.

4. OTHER CURRENT ASSETS AND ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Other current assets consisted of:

	September 30, 2023	December 31, 2022
Prepaid contracts and other prepaid expenses	\$ 85	\$ 81
Prepaid agent incentives	52	55
Franchisee sales incentives	30	30
Other	31	39
Total other current assets	\$ 198	\$ 205

Accrued expenses and other current liabilities consisted of:

	September 30, 2023	December 31, 2022
Accrued payroll and related employee costs	\$ 161	\$ 110
Advances from clients	23	15
Accrued volume incentives	26	39
Accrued commissions	44	44
Restructuring accruals	14	14
Deferred income	60	62
Accrued interest	27	40
Current portion of finance lease liabilities	9	11
Due to former parent	37	20
Other	178	115
Total accrued expenses and other current liabilities	\$ 579	\$ 470

5. SHORT AND LONG-TERM DEBT

Total indebtedness is as follows:

	September 30, 2023	December 31, 2022
Revolving Credit Facility	\$ 300	\$ 350
Extended Term Loan A	210	221
7.00% Senior Secured Second Lien Notes	627	—
5.75% Senior Notes	576	899
5.25% Senior Notes	451	985
0.25% Exchangeable Senior Notes	396	394
Total Short-Term & Long-Term Debt	\$ 2,560	\$ 2,849
Securitization Obligations:		
Apple Ridge Funding LLC	\$ 170	\$ 163

Indebtedness Table

As of September 30, 2023, the Company's borrowing arrangements were as follows:

	Interest Rate	Expiration Date	Principal Amount	Unamortized Premium and Debt Issuance Costs	Net Amount
Revolving Credit Facility (1)	(2)	July 2027 (3)	\$ 300	\$ *	\$ 300
Extended Term Loan A	(4) (5)	February 2025	211	1	210
Senior Secured Second Lien Notes (6)	7.00%	April 2030	640	13	627
Senior Notes (6)	5.75%	January 2029	576	—	576
Senior Notes (6)	5.25%	April 2030	457	6	451
Exchangeable Senior Notes	0.25%	June 2026	403	7	396
Total Short-Term & Long-Term Debt			\$ 2,587	\$ 27	\$ 2,560
Securitization obligations: (7)					
Apple Ridge Funding LLC		May 2024	\$ 170	\$ *	\$ 170

* The debt issuance costs related to our Revolving Credit Facility and securitization obligations are classified as a deferred financing asset within other assets.

- As of September 30, 2023, the Company had \$1,100 million of borrowing capacity under its Revolving Credit Facility. As of September 30, 2023, there were \$300 million of outstanding borrowings under the Revolving Credit Facility and \$34 million of outstanding undrawn letters of credit. On October 23, 2023, the Company had \$325 million of outstanding borrowings under the Revolving Credit Facility and \$34 million of outstanding undrawn letters of credit.
- Interest rates with respect to revolving loans under the Revolving Credit Facility at September 30, 2023 are based on, at the Company's option, (a) a term Secured Overnight Financing Rate ("SOFR")-based rate including a 10 basis point credit spread adjustment or (b) JP Morgan Chase Bank, N.A.'s prime rate ("ABR") plus (in each case) an additional margin subject to adjustment based on the then current senior secured leverage ratio. Based on the previous quarter's senior secured leverage ratio, the SOFR margin was 1.75% and the ABR margin was 0.75% for the three months ended September 30, 2023.
- The maturity date of the Revolving Credit Facility may spring forward to a date prior to July 2027 as follows: (i) if on or before March 16, 2026, the 0.25% Exchangeable Senior Notes have not been extended, refinanced or replaced to have a maturity date after October 26, 2027 (or are not otherwise discharged, defeased or repaid by March 16, 2026), the maturity date of the Revolving Credit Facility will be March 16, 2026; and (ii) if on or before November 9, 2024, the "term A loans" under the Term Loan A Agreement have not been extended, refinanced or replaced to have a maturity date after October 26, 2027 (or are not otherwise repaid by November 9, 2024), the maturity date of the Revolving Credit Facility will be November 9, 2024.
- In May 2023, the Company entered into an amendment to the Term Loan Agreement which replaced London Interbank Offering Rate ("LIBOR") with a Term SOFR-based rate as the applicable benchmark for the Term Loan A Facility (the applicable margin for the Term Loan A Facility remained the same, but the term SOFR-based rate includes a 10 basis points credit spread adjustment). Interest rates with respect to outstanding borrowings under the Extended Term Loan A at September 30, 2023 are based on, at the Company's option, (a) a term SOFR-based rate including a 10 basis point credit spread adjustment or (b) ABR plus (in each case) an additional margin subject to adjustment based on the then current senior secured leverage ratio. Based on the previous quarter's

senior secured leverage ratio, the SOFR margin was 1.75% and the ABR margin was 0.75% for the three months ended September 30, 2023.

- (5) The Extended Term Loan A has quarterly amortization payments equal to a percentage per quarter of the original principal amount of \$237 million, as follows: 0.625% per quarter from June 30, 2021 to March 31, 2022; 1.25% per quarter from June 30, 2022 to March 31, 2023; 1.875% per quarter from June 30, 2023 to March 31, 2024; and 2.50% per quarter for periods ending on or after June 30, 2024, with the balance of the Extended Term Loan A due at maturity on February 8, 2025.
- (6) See below under the headers "Debt Exchange Transactions" and "7.00% Senior Secured Second Lien Notes" for additional information with respect to the debt exchange transactions, as well as, under the header "Open Market Repurchases of 5.75% and 5.25% Senior Notes" for additional information with respect to open market repurchases in the third quarter of 2023.
- (7) In June 2023, Anywhere Group extended the existing Apple Ridge Funding LLC securitization program until the end of May 2024. The securitization program included a seasonal increase provision which allowed for a temporary increase to \$215 million of borrowing capacity from July 17 to October 15 of 2023 only, at which time it reverted back to \$200 million of borrowing capacity. As of September 30, 2023, the Company had \$215 million of borrowing capacity under the Apple Ridge Funding LLC securitization program with \$170 million being utilized leaving \$45 million of available capacity subject to maintaining sufficient relocation related assets to collateralize the securitization obligation. Certain of the funds that Anywhere Group receives from relocation receivables and related assets are required to be utilized to repay securitization obligations. These obligations are collateralized by \$204 million and \$206 million of underlying relocation receivables and other related relocation assets at September 30, 2023 and December 31, 2022, respectively. Substantially all relocation related assets are realized in less than twelve months from the transaction date. Accordingly, all of Anywhere Group's securitization obligations are classified as current in the accompanying Condensed Consolidated Balance Sheets. Interest incurred in connection with borrowings under the facility amounted to \$4 million and \$2 million for the three months ended September 30, 2023 and 2022, respectively, as well as \$10 million and \$4 million for the nine months ended September 30, 2023 and 2022, respectively. This interest is recorded within net revenues in the accompanying Condensed Consolidated Statements of Operations as related borrowings are utilized to fund Anywhere Group's relocation operations where interest is generally earned on such assets. The securitization obligations represent floating rate debt for which the average weighted interest rate was 7.2% and 3.7% for the nine months ended September 30, 2023 and 2022, respectively.

Maturities Table

As of September 30, 2023, the combined aggregate amount of maturities for long-term borrowings for the remainder of 2023 and each of the next four years is as follows:

Year	Amount
Remaining 2023 (a)	\$ 304
2024	22
2025	185
2026	403
2027	—

- (a) Remaining 2023 includes amortization payments totaling \$4 million for the Extended Term Loan A, as well as \$300 million of outstanding borrowings under the Revolving Credit Facility which expires in July 2027 (subject to earlier spring maturity) but is classified on the balance sheet as current due to the revolving nature and terms and conditions of the facility. The current portion of long-term debt of \$321 million shown on the Condensed Consolidated Balance Sheets consists of four quarters of amortization payments totaling \$21 million for the Extended Term Loan A and \$300 million of outstanding borrowings under the Revolving Credit Facility.

Debt Exchange Transactions

On August 24, 2023, the Company completed debt exchange transactions under Section 4(a)(2) of the Securities Act, pursuant to which the Company issued \$640 million of 7.00% Senior Secured Second Lien Notes due 2030 in exchange for \$298 million of the 5.75% Senior Notes due 2029 and \$503 million of the 5.25% Senior Notes due 2030, which included:

- \$218 million of 7.00% Senior Secured Second Lien Notes due 2030 issued to funds managed by Angelo, Gordon & Co., L.P. ("Angelo Gordon"), a Delaware limited partnership (the "Significant Noteholder Exchange"), in exchange for \$273 million of Senior Notes due 2029 and Senior Notes due 2030 (consisting of \$55 million of the 5.75% Senior Notes due 2029 and \$218 million of the 5.25% Senior Notes due 2030) pursuant to an exchange agreement dated July 25, 2023, between Anywhere and Angelo Gordon; and
- \$422 million of 7.00% Senior Secured Second Lien Notes due 2030 in exchange for \$243 million of the 5.75% Senior Notes due 2029 and \$285 million of the 5.25% Senior Notes due 2030, pursuant to exchange offers (the "Exchange Offers") on substantially similar terms to the Significant Noteholder Exchange.

Open Market Repurchases of 5.75% and 5.25% Senior Notes

Following expiration of the Exchange Offers in late August 2023 and on September 1, 2023, the Company repurchased \$26 million of the 5.75% Senior Notes and \$40 million of the 5.25% Senior Notes in open market purchases at an aggregate purchase price of \$48 million, plus accrued interest to the respective repurchase dates.

7.00% Senior Secured Second Lien Notes

The 7.00% Senior Secured Second Lien Notes mature on April 15, 2030 and interest is payable semiannually on April 15 and October 15 of each year, commencing October 15, 2023.

The 7.00% Senior Secured Second Lien Notes are guaranteed on a senior secured second priority basis by Anywhere Intermediate and each domestic direct or indirect restricted subsidiary of Anywhere, other than certain excluded entities, that is a guarantor under its Senior Secured Credit Facility and Term Loan A Facility and certain of its outstanding debt securities. The 7.00% Senior Secured Second Lien Notes are also guaranteed by Anywhere on an unsecured senior subordinated basis. The 7.00% Senior Secured Second Lien Notes are secured by substantially the same collateral as Anywhere Group's existing first lien obligations under its Senior Secured Credit Facility and Term Loan A Facility on a second priority basis.

The indentures governing the 7.00% Senior Secured Second Lien Notes contain various covenants that limit the ability of Anywhere Intermediate, Anywhere Group and Anywhere Group's restricted subsidiaries to take certain actions, which covenants are subject to a number of important exceptions and qualifications. These covenants are substantially similar to the covenants in the indenture governing the 5.75% Senior Notes due 2029 and 5.25% Senior Notes due 2030, as described in Note 9, "Short and Long-Term Debt—Unsecured Notes" in Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Gain/Loss on the Early Extinguishment of Debt

During the nine months ended September 30, 2023, the Company recorded gains on the early extinguishment of debt totaling \$169 million which consisted of \$151 million as a result of the debt exchange transactions and \$18 million as a result of the open market repurchases occurring in the third quarter of 2023 as discussed above.

As a result of the refinancing transactions in the first quarter of 2022, the Company recorded a loss on the early extinguishment of debt of \$92 million, which included \$80 million related to the make-whole premiums paid in connection with the early redemption of the 7.625% Senior Secured Second Lien Notes and 9.375% Senior Notes, during the nine months ended September 30, 2022.

6. RESTRUCTURING COSTS

Restructuring charges were \$9 million and \$40 million for the three and nine months ended September 30, 2023, respectively, and \$16 million and \$23 million for the three and nine months ended September 30, 2022, respectively. The components of the restructuring charges were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Personnel-related costs (1)	\$ 3	\$ 7	\$ 16	\$ 9
Facility-related costs (2)	6	9	24	14
Total restructuring charges (3)	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 40</u>	<u>\$ 23</u>

- (1) Personnel-related costs consist of severance costs provided to employees who have been terminated.
- (2) Facility-related costs consist of costs associated with planned facility closures such as contract termination costs, amortization of lease assets that will continue to be incurred under the contract for its remaining term without economic benefit to the Company, accelerated depreciation on asset disposals and other facility and employee relocation related costs.
- (3) Restructuring charges for the three months ended September 30, 2023 include \$8 million of expense related to the Operational Efficiencies Plan and \$1 million of expense related to prior restructuring plans. Restructuring charges for the nine months ended September 30, 2023 include \$36 million of expense related to the Operational Efficiencies Plan and \$4 million of expense related to prior restructuring plans. Restructuring charges for the three months ended September 30, 2022 include \$10 million of expense related to the Operational Efficiencies Plan and \$6 million of expense related to prior restructuring plans. Restructuring charges for

the nine months ended September 30, 2022 include \$10 million of expense related to the Operational Efficiencies Plan and \$13 million of expense related to prior restructuring plans.

Operational Efficiencies Plan

Beginning in the third quarter of 2022, the Company commenced the implementation of a plan ("the Plan") to reduce its office footprint costs, centralize certain aspects of its operational support structure and drive changes in how it serves its affiliated independent sales agents as well as consumers from a marketing and technology perspective. Furthermore, in January 2023, the Company executed a meaningful workforce reduction driven by worsening trends in the housing market beginning in 2022. These actions build on the multiple other cost reduction and spending reprioritization initiatives such as simplified and more integrated and digitized offerings, systems and support. Delivering the Company's business model more digitally is an increasing part of improving the consumer experience and the Company's ongoing cost focus. The Company expects to continue to prioritize investments in efforts to support its independent sales agents, franchisees and consumers which includes investments in technology and innovative products, lead generation and franchisee support.

The following is a reconciliation of the beginning and ending reserve balances related to the Plan:

	Personnel-related costs	Facility-related costs	Total
Balance at December 31, 2022	\$ 10	\$ 2	\$ 12
Restructuring charges (1)	16	20	36
Costs paid or otherwise settled	(17)	(16)	(33)
Balance at September 30, 2023	\$ 9	\$ 6	\$ 15

- (1) In addition, the Company incurred \$10 million of facility-related costs for lease asset impairments in connection with the Plan during the nine months ended September 30, 2023.

The following table shows the total costs currently expected to be incurred by type of cost related to the Plan:

	Total amount expected to be incurred	Amount incurred to date	Total amount remaining to be incurred
Personnel-related costs	\$ 31	\$ 30	\$ 1
Facility-related costs	28	26	2
Total	\$ 59	\$ 56	\$ 3

The following table shows the total costs currently expected to be incurred by reportable segment related to the Plan:

	Total amount expected to be incurred	Amount incurred to date	Total amount remaining to be incurred
Franchise Group	\$ 11	\$ 10	\$ 1
Owned Brokerage Group	39	37	2
Title Group	2	2	—
Corporate and Other	7	7	—
Total	\$ 59	\$ 56	\$ 3

Prior Restructuring Plans

During 2019, the Company took various strategic initiatives to reduce costs and institute operational and facility related efficiencies to drive profitability. During 2020, as a result of the COVID-19 pandemic, the Company transitioned substantially all of its employees to a remote-work environment which allowed the Company to reevaluate its office space needs. As a result, additional facility and operational efficiencies were identified and implemented which included the transformation of its corporate headquarters in Madison, New Jersey to an open-plan innovation hub. At December 31, 2022, the remaining liability related to these initiatives was \$12 million. During the nine months ended September 30, 2023, the Company incurred \$4 million of costs and paid or settled \$7 million of costs resulting in a remaining accrual of \$9 million at September 30, 2023. The remaining accrual of \$9 million and total amount remaining to be incurred of \$20 million primarily relate to the transformation of the Company's corporate headquarters.

7. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in claims, legal proceedings, alternative dispute resolution and governmental inquiries or regulatory actions related to alleged business practices, intellectual property matters, commercial, employment, regulatory and tax matters and contract disputes, including the matters described below.

The Company believes that it has adequately accrued for legal matters as appropriate. The Company records litigation accruals for legal matters when it is both probable that a liability will be incurred, and the amount of the loss can be reasonably estimated. Where the reasonable estimate of the probable loss is a range, the Company records as an accrual in its financial statements the most likely estimate of the loss, or the low end of the range if there is no one best estimate. For other litigation for which a loss is reasonably possible, the Company is unable to estimate a range of reasonably possible losses.

Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable developments and resolutions could occur and even cases brought by us can involve counterclaims asserted against us. In addition, litigation and other legal matters, including class action lawsuits, multi-party litigation and regulatory proceedings challenging practices that have broad impact, can be costly to defend and, depending on the class size and claims, could be costly to settle. Insurance coverage may be unavailable for certain types of claims (including antitrust and Telephone Consumer Protection Act ("TCPA") litigation) and even where available, insurance carriers may dispute coverage for various reasons, including the cost of defense, there is a deductible for each such case, and such insurance may not be sufficient to cover the losses the Company incurs.

From time to time, even if the Company believes it has substantial defenses, it may consider litigation settlements based on a variety of circumstances.

Due to the foregoing factors as well as the factors set forth below, the Company could incur charges or judgments or enter into settlements of claims, based upon future events or developments, with liabilities that are materially in excess of amounts accrued and these judgments or settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period. As such, an increase in accruals for one or more of these matters in any reporting period may have a material adverse effect on the Company's results of operations and cash flows for that period.

The below captioned matters address certain current litigation involving the Company, including antitrust litigation, litigation related to the TCPA, and worker classification litigation. The captioned matters described herein involve evolving, complex litigation and the Company assesses its accruals on an ongoing basis taking into account the procedural stage and developments in the litigation.

The Company disputes the allegations against it in each of these matters, believes it has substantial defenses against plaintiffs' claims and is vigorously defending these actions (though the courts have stayed its defense in the *Burnett* and *Moehrl* cases as part of the recent settlement of those cases described below).

All of these matters are presented as currently captioned, but as noted elsewhere in this Quarterly Report, Realogy Holdings Corp. has been renamed Anywhere Real Estate Inc.

Antitrust Litigation

The cases included under this header, Antitrust Litigation, are class actions that challenge residential real estate industry rules and practices for payment of buyer-broker commissions and certain alleged associated practices. The issues raised by these cases are pending in multiple jurisdictions, are at various stages of litigation, claim to cover lengthy periods, involve different assertions with respect to liability and damages, include federal and certain state law claims, involve numerous and differing parties, and—given that antitrust laws generally provide for joint and several liability and treble damages—could result in a broad range of outcomes, making it difficult to predict possible damages or how legal, factual and damages issues will be resolved.

Although the Company has settled certain of these cases (but such cases remain ongoing for non-settling defendants), because these cases are in various stages and will involve injunctive relief yet to be determined by the relevant courts (including against the industry trade association), we may be impacted by broader changes to industry practices and rules. In addition, the Company believes that additional antitrust litigation may be possible, including an additional purported class

action recently filed against NAR and other competitors who were not parties to any of the prior antitrust class action litigation.

Burnett, Hendrickson, Breit, Trupiano, and Keel v. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates LLC, HSF Affiliates, LLC, RE/MAX LLC, and Keller Williams Realty, Inc. (U.S. District Court for the Western District of Missouri). This is a now-certified class action complaint, which was filed on April 29, 2019 and amended on June 21, 2019, June 30, 2021 and May 6, 2022 and tried with a jury verdict on October 31, 2023 (formerly captioned as *Sitzer*).

The plaintiffs allege that the defendants engaged in a continuing contract, combination, or conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act because defendant NAR allegedly established mandatory anticompetitive policies and rules for the multiple listing services and its member brokers that require listing brokers to make an offer of buyer-broker compensation when listing a property. The plaintiffs' experts argue that "but for" the challenged NAR policies and rules, these offers of buyer-broker compensation would not be made and plaintiffs seek the recovery of full commissions paid to buyers' brokers as to both brokerage and franchised operations in the relevant geographic area.

The plaintiffs further allege that commission sharing, which provides for the broker representing the seller sharing or paying a portion of its commission to the broker representing the buyer, is anticompetitive and violates the Sherman Act, and that the brokerage/franchisor defendants conspired with NAR by requiring their respective brokerages/franchisees to comply with NAR's policies, rules, and Code of Ethics, and engaged in other allegedly anticompetitive conduct including, but not limited to, steering and agent education that allegedly promotes the practice of paying buyer-broker compensation and discourages commission negotiation. Plaintiffs' experts dispute defendants' contention that the practice of offering and paying buyer-broker compensation is based on natural and legitimate economic incentives and benefits that exist irrespective of the challenged NAR policies and rules and plaintiffs also contend that international practices are comparable benchmarks.

The antitrust claims in the *Burnett* litigation are limited both in allegations and relief sought to home sellers who from April 29, 2015, to the present used a listing broker affiliated with one of the brokerage/franchisor defendants in four multiple listing services ("MLSs") that primarily serve the State of Missouri, purportedly in violation of federal and Missouri antitrust laws. The plaintiffs also seek injunctive relief enjoining the defendants from requiring home sellers to pay buyer-broker commissions or from otherwise restricting competition among brokers, an award of damages and/or restitution for the class period, attorneys' fees and costs of suit. Plaintiffs allege joint and several liability and seek treble damages.

In addition, the plaintiffs had included a cause of action for alleged violations of the Missouri Merchandising Practices Act, or MMPA, on behalf of Missouri residents only, with a class period that commences April 29, 2014, but in October 2023, the court granted plaintiffs' motion to dismiss that cause of action and the Missouri antitrust claims.

In September 2019, the Department of Justice ("DOJ") filed a statement of interest and appearances for this matter and, in July 2020 and July 2021, requested the Company provide it with all materials produced in this matter.

The Court granted class certification on April 22, 2022 and as certified, includes, according to plaintiffs, over 250,000 transactions for which the plaintiffs are seeking a full refund of the buyer-broker commissions. The Company and the plaintiffs engaged in several mediation sessions, the most recent of which was held at the end of August 2023 and resulted in a settlement of the litigation as against Anywhere (with one other corporate defendant entering into a separate settlement in September 2023).

On September 5, 2023, the Company notified the court that it had entered into nationwide settlement with the *Burnett* and *Moehrl* plaintiffs and obtained a stay of all proceedings as to the Company while the parties finalized a long form written settlement agreement ("Anywhere Settlement"). On October 5, 2023, Plaintiffs filed the motion for preliminary approval of both the Anywhere Settlement and the settlement with another corporate defendant. A date for the preliminary approval hearing has not yet been set, but the Company expects it will likely occur before year-end.

Under the terms of the proposed nationwide Anywhere Settlement, which is subject to both preliminary and final court approval, Anywhere has agreed to provide monetary relief of \$83.5 million as well as injunctive relief. The proposed settlement resolves, on a nationwide basis, all claims asserted or could have been asserted against Anywhere in the *Burnett* and *Moehrl* cases. Specifically, the Anywhere Settlement releases the Company, all subsidiaries, brands, affiliated agents, and franchisees from all claims that were or could have been asserted by all persons who sold a home that was listed on a multiple listing service anywhere in the United States where a commission was paid to any brokerage in connection with the

sale of the home in the relevant class period. The proposed settlement is not an admission of liability, nor does it concede or validate any of the claims asserted against Anywhere.

Under the terms of the proposed settlement, Anywhere has agreed to deposit into the settlement fund (i) \$10 million within 14 business days after preliminary court approval is granted; (ii) \$20 million within 14 business days after the court approval of fees and costs, which is typically granted with final approval; and (iii) the remaining balance within 21 business days after final court approval and all appellate rights are exhausted.

The proposed Anywhere Settlement includes injunctive relief for a period of five years following final court approval, requiring practice changes in the Company owned brokerage operations and that the Company recommend and encourage these same practice changes to its independently owned and operated franchise network. The injunctive relief, includes but is not limited to, reminding Company owned brokerages, franchisees and their respective agents that Anywhere has no rule *requiring* offers of compensation to buyer brokers; prohibiting Company-owned brokerages (and recommending to franchisees) and agents from using technology (or manually) to sort listings by offers of compensation, unless requested by the client; eliminating any minimum client commission for Company-owned brokerages; and refraining from adopting any requirement that Company-owned brokerages, franchisees or their respective agents belong to NAR or follow NAR's Code of Ethics or MLS handbook.

On November 1, 2023, following a several week trial, judgment was entered against the non-settling defendants and awarded damages to the plaintiffs from the non-settling defendants in the amount of \$1.785 billion, before trebling. While the jury found that all named defendants violated Section 1 of the Sherman Act, the judgment does not alter the Anywhere Settlement or the settlement of the other corporate defendant. The court has yet to determine injunctive relief in this action.

Moehrl, Cole, Darnell, Ramey, Umpa and Ruh v. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty, Inc. (U.S. District Court for the Northern District of Illinois). The complaint, which was filed on March 6, 2019, contains allegations and requests relief substantially similar to the *Burnett* litigation. The *Moehrl* plaintiffs seek both damages and injunctive relief. In contrast to the *Burnett* plaintiffs, the *Moehrl* plaintiffs acknowledge that there are economic reasons why a seller would offer buyer compensation (and accordingly, do not seek recovery of all commissions paid to buyers' brokers), although plaintiffs allege that buyer brokers are overpaid due to the mandatory nature of the applicable NAR policies and rules.

On March 29, 2023, the Court certified two classes in this litigation—a damages class and an injunctive class. The damages class covers sellers of residential real estate (with certain exceptions) who paid a commission to a brokerage affiliated with a corporate defendant beginning from March 6, 2015 through December 31, 2020 in 20 MLSs in various parts of the country that do not overlap with the *Burnett* MLSs and that include approximately five of the country's ten largest MLSs. The injunctive class covers current and future sellers of residential real estate (with certain exceptions) who are presently listing or will in the future list their home for sale in one of the 20 MLSs. The *Moehrl* damages class covers an estimated 3.5 million transactions, substantially larger than the class certified in *Burnett* (which, as further described above, includes over 250,000 transactions), though as noted above, in contrast to the *Burnett* plaintiffs, the *Moehrl* plaintiffs do not seek to recover all commissions paid to buyers' brokers.

On April 12, 2023, the Company and the other defendants filed a petition with the United States Court of Appeals for the Seventh Circuit (the "Seventh Circuit") to pursue an interlocutory appeal of the decision on class certification; which the Seventh Circuit denied on May 24, 2023. Merit expert discovery in the case is ongoing.

As described above under the *Burnett* matter, the Company has entered into a settlement of the *Moehrl* litigation and on September 12, 2023, the court stayed all proceedings against the Company. If preliminary and final approval of the Anywhere Settlement is granted by the *Burnett* court, that will resolve the *Moehrl* matter with respect to the Company.

Batton, Bolton, Brace, Kim, James, Mullis, Bisbicos and Parsons v. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty, Inc. (U.S. District Court for the Northern District of Illinois Eastern Division). In this putative nationwide class action filed on January 25, 2021 (formerly captioned as *Leeder*), the plaintiffs take issue with certain NAR policies, including those related to buyer-broker compensation at issue in the *Moehrl* and *Burnett* matters, as well as those at issue in the 2020 settlement between the DOJ and NAR, but claim the alleged conspiracy has harmed buyers (instead of sellers). The plaintiffs allege that the defendants made agreements and engaged in a conspiracy in restraint of trade in violation of the Sherman Act and were unjustly enriched, and seek a permanent injunction enjoining NAR from establishing in the future the same or similar rules, policies, or practices as those challenged in the action as well as an award of damages and/or restitution, interest, and reasonable attorneys' fees and expenses.

On July 6, 2022, plaintiffs filed an amended complaint substituting in eight new named plaintiffs and containing allegations substantially similar to the original complaint but also adding certain claims under state antitrust statutes and consumer protection statutes. Motions to dismiss remain pending and discovery has not commenced.

The Company disputes the allegations against it in this case, believes it has substantial defenses to plaintiffs' claims, and is vigorously defending this litigation.

Nosalek, Hirschorn and Hirschorn v. MLS Property Information Network, Inc., Realty Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX LLC, and Keller Williams Realty, Inc. (U.S. District Court for the District of Massachusetts). This is a putative class action filed on December 17, 2020 (formerly captioned as *Bauman*), wherein the plaintiffs take issue with policies and rules similar to those at issue in the *Moehrl* and *Burnett* matters, but rather than objecting to the national policies and rules published by NAR, this lawsuit specifically objects to the alleged policies and rules of a multiple listing service (MLS Property Information Network, Inc.) that is owned by realtors, including in part by one of the Company's company-owned brokerages. The plaintiffs allege that the defendants made agreements and engaged in a conspiracy in restraint of trade in violation of the Sherman Act and seek a permanent injunction, enjoining the defendants from continuing conduct determined to be unlawful, as well as an award of damages and/or restitution, interest, and reasonable attorneys' fees and expenses. On December 10, 2021, the Court denied the motion to dismiss filed in March 2021 by the Company (together with the other defendants named in the complaint) and in January 2022, the plaintiffs filed a second amended complaint which, among other things, redefined the covered area as limited to home sales in Massachusetts (removing New Hampshire and Rhode Island). The lawsuit seeks to represent a class of sellers who paid a broker commission in connection with the sale of a property listed in the MLS Property Information Network, Inc. On January 23, 2023, MLS Property Information Network, Inc., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX LLC, and Keller Williams Realty, Inc. filed their answer to the second amended complaint. The Anywhere defendants filed their answer to the second amended complaint on February 21, 2023. Discovery in the case has commenced.

On September 5, 2023, following its initial motion seeking preliminary approval of a settlement that had been filed on June 30, 2023 and a court hearing held on August 9, 2023, the MLS Property Information Network, Inc. filed a motion for preliminary approval of an amended settlement covering sellers who paid, and/or on whose behalf sellers' brokers paid, buyer-broker commissions during the settlement class period in connection with the sale of residential real estate listed on the centralized listing database of MLS Property Information Network, Inc. The corporate defendants, including Anywhere, are not a party to the motion or settlement. The settlement, if finally approved by the Court, requires MLS Property Information Network, Inc. to eliminate the requirement that a seller must offer compensation to a buyer-broker and to change various other rules to give sellers various notices and rules relating to negotiation of buyer-broker compensation. In addition to the foregoing injunctive relief, MLS Property Information Network, Inc. has agreed to pay \$3 million into a settlement fund. On September 7, 2023, the court granted preliminary approval of the settlement and set a hearing date of January 4, 2024 for final approval, which the court subsequently moved to March 7, 2024, in response to a statement of interest and motion to extend filed by the DOJ so that it could evaluate the proposed settlement and its competitive effects.

Given that no class has yet been certified in the *Nosalek* litigation, it is expected that the purported class members of the *Nosalek* litigation will be included in the nationwide class certified by the court for settlement purposes under the Anywhere Settlement, and final approval of the Anywhere Settlement would accordingly resolve the *Nosalek* litigation as to the Company. Relatedly, on October 27, 2023, the *Nosalek* court granted the joint motion filed by the plaintiffs and Anywhere to stay the *Nosalek* litigation against the Company for 30 days (subject to extension as necessary).

Telephone Consumer Protection Act Litigation

Bumpus, et al. v. Realty Holdings Corp., et al. (U.S. District Court for the Northern District of California, San Francisco Division). In this class action filed on June 11, 2019, against Anywhere Real Estate Inc. (f/k/a Realty Holdings Corp.), Anywhere Intermediate Holdings LLC (f/k/a Realty Intermediate Holdings LLC), Anywhere Real Estate Group LLC (f/k/a Realty Group LLC), Anywhere Real Estate Services Group LLC (f/k/a Realty Services Group LLC), and Anywhere Advisors LLC (f/k/a Realty Brokerage Group LLC and NRT LLC), and Mojo Dialing Solutions, LLC, plaintiffs allege that independent sales agents affiliated with Anywhere Advisors LLC violated the Telephone Consumer Protection Act of 1991 (TCPA) using dialers provided by Mojo and others. Plaintiffs seek relief on behalf of a National Do Not Call Registry class, an Internal Do Not Call class, and an Artificial or Prerecorded Message class.

In March 2022, the Court granted plaintiffs' motion for class certification for the foregoing classes as to the Anywhere defendants but not as to co-defendant Mojo and dismissed Mojo from the case. Plaintiffs and the Anywhere defendants' cross-motions for summary judgment were denied without prejudice on May 11, 2022. The Company's petition for

permission to appeal the class certification filed with the 9th Circuit Court of Appeals was denied and the plaintiffs' class notice plan was approved on May 26, 2022.

Plaintiffs had claimed that approximately 1.2 million Do Not Call calls and approximately 265,000 Pre-Recorded Messages qualified for inclusion in the classes, but on March 29, 2023, filed a motion to narrow the classes to approximately 321,000 Do Not Call calls and approximately 165,000 Pre-Recorded Messages. On April 12, 2023, the Company opposed Plaintiffs' motion to modify the classes and sought to decertify them. On April 24, 2023, the Court vacated the April 27, 2023 hearing and pretrial conference and set the jury trial to commence on May 15, 2023, and on May 25, 2023 set a jury trial date for January 29, 2024 and a pretrial conference for January 11, 2024. Plaintiffs' motion to narrow the classes, the Company's opposition seeking to decertify the classes, as well as other pre-trial motions, are pending.

The Company disputes the allegations against it in this case, believes it has substantial defenses to both plaintiffs' liability claims and damage assertions, and is vigorously defending this action.

Other

Examples of other legal matters involving the Company may include but are not limited to:

- antitrust and anti-competition claims;
- TCPA claims;
- claims alleging violations of RESPA, state consumer fraud statutes, federal consumer protection statutes or other state real estate law violations;
- employment law claims, including claims that independent residential real estate sales agents engaged by our company owned brokerages or by affiliated franchisees—under certain state or federal laws—are potentially employees instead of independent contractors, and they or regulators therefore may bring claims against our Owned Brokerage Group for breach of contract, wage and hour classification claims, wrongful discharge, unemployment and workers' compensation and could seek benefits, back wages, overtime, indemnification, penalties related to classification practices and expense reimbursement available to employees or make similar claims against Franchise Group as an alleged joint employer of an affiliated franchisee's independent sales agents;
- other employment law matters, including other types of worker classification claims as well as wage and hour claims and retaliation claims;
- information security claims, including claims under new and emerging data privacy laws related to the protection of customer, employee or third-party information;
- cyber-crime claims, including claims related to the diversion of homesale transaction closing funds;
- vicarious or joint liability claims based upon the conduct of individuals or entities traditionally outside of our control, including franchisees and independent sales agents, under joint employer claims or other theories of actual or apparent agency;
- claims by current or former franchisees that franchise agreements were breached, including improper terminations;
- claims generally against the company owned brokerage operations for negligence, misrepresentation or breach of fiduciary duty in connection with the performance of real estate brokerage or other professional services as well as other brokerage claims associated with listing information and property history;
- claims related to intellectual property or copyright law, including infringement actions alleging improper use of copyrighted photographs on websites or in marketing materials without consent of the copyright holder or claims challenging our trademarks;
- claims concerning breach of obligations to make websites and other services accessible for consumers with disabilities;
- claims against the title agent contending that the agent knew or should have known that a transaction was fraudulent or that the agent was negligent in addressing title defects or conducting the settlement;
- claims related to disclosure or securities law violations as well as derivative suits; and
- fraud, defalcation or misconduct claims.

Other ordinary course legal proceedings that may arise from time to time include those related to commercial arrangements, indemnification (under contract or common law), franchising arrangements, the fiduciary duties of brokers, standard brokerage disputes like the failure to disclose accurate square footage or hidden defects in the property such as mold, claims under the False Claims Act (or similar state laws), consumer lending and debt collection law claims, state auction law, and violations of similar laws in countries where we operate around the world with respect to any of the foregoing. In addition, with the increasing requirements resulting from government laws and regulations concerning data breach notifications and data privacy and protection obligations, claims associated with these laws may become more common. While most litigation involves claims against the Company, from time to time the Company commences litigation, including litigation against former employees, franchisees and competitors when it alleges that such persons or entities have breached agreements or engaged in other wrongful conduct.

* * *

Cendant Corporate Liabilities and Guarantees to Cendant and Affiliates

Anywhere Group (then Realogy Corporation) separated from Cendant on July 31, 2006 (the "Separation"), pursuant to a plan by Cendant (now known as Avis Budget Group, Inc.) to separate into four independent companies—one for each of Cendant's business units—real estate services (Anywhere Group, formerly referred to as Realogy Group), travel distribution services ("Travelport"), hospitality services, including timeshare resorts ("Wyndham Worldwide"), and vehicle rental ("Avis Budget Group"). Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Anywhere Group, Wyndham Worldwide and Travelport (the "Separation and Distribution Agreement"), each of Anywhere Group, Wyndham Worldwide and Travelport have assumed certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses. In addition, Anywhere Group has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of certain contingent and other corporate liabilities (and related costs and expenses) of Cendant. The due to former parent balance was \$37 million at September 30, 2023 and \$20 million at December 31, 2022, respectively. The due to former parent balance was comprised of the Company's portion of the following: (i) Cendant's remaining contingent tax liabilities, (ii) potential liabilities related to Cendant's terminated or divested businesses, and (iii) potential liabilities related to the residual portion of accruals for Cendant operations.

In December 2022, a hearing was held with the California Office of Tax Appeals ("OTA") on a Cendant legacy tax matter involving Avis Budget Group that related to a 1999 transaction. The case presented two issues: (i) whether the notices of proposed assessment issued by the California Franchise Tax Board were barred by the statute of limitations; and (ii) whether a transaction undertaken by Avis Budget Group in tax year 1999 constituted a tax-free reorganization under the Internal Revenue Code. In March 2023, the OTA decided in favor of the California Franchise Tax Board on both issues. As a result, the Company increased the reserve for this legacy tax matter in the first quarter of 2023 and as of September 30, 2023 the reserve is \$37 million. The OTA's opinion is not final, and the Company has filed a petition for rehearing and continues to vigorously pursue this matter. If the rehearing is denied, the tax assessment will become payable, even if judicial relief is sought.

Tax Matters

The Company is subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities whereby the outcome of the audits is uncertain. The Company believes there is appropriate support for positions taken on its tax returns. The liabilities that have been recorded represent the best estimates of the probable loss on certain positions and are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. However, the outcomes of tax audits are inherently uncertain.

Escrow and Trust Deposits

As a service to its customers, the Company administers escrow and trust deposits which represent undisbursed amounts received for the settlement of real estate transactions. Deposits at FDIC-insured institutions are insured up to \$250,000. These escrow and trust deposits totaled approximately \$816 million at September 30, 2023 and while these deposits are not assets of the Company (and therefore are excluded from the accompanying Condensed Consolidated Balance Sheets), the Company remains contingently liable for the disposition of these deposits.

8. EQUITY

Condensed Consolidated Statement of Changes in Equity for Anywhere

Three Months Ended September 30, 2023							
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
Balance at June 30, 2023	110.4	\$ 1	\$ 4,809	\$ (3,113)	\$ (47)	\$ 3	\$ 1,653
Net income	—	—	—	129	—	—	129
Stock-based compensation	—	—	4	—	—	—	4
Issuance of shares for vesting of equity awards	0.1	—	—	—	—	—	—
Dividends	—	—	—	—	—	(1)	(1)
Balance at September 30, 2023	110.5	\$ 1	\$ 4,813	\$ (2,984)	\$ (47)	\$ 2	\$ 1,785
Three Months Ended September 30, 2022							
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
Balance at June 30, 2022	114.4	\$ 1	\$ 4,849	\$ (2,596)	\$ (49)	\$ 4	\$ 2,209
Net income	—	—	—	55	—	1	56
Other comprehensive loss	—	—	—	—	(1)	—	(1)
Repurchase of common stock	(4.9)	—	(52)	—	—	—	(52)
Stock-based compensation	—	—	6	—	—	—	6
Dividends	—	—	—	—	—	(2)	(2)
Balance at September 30, 2022	109.5	\$ 1	\$ 4,803	\$ (2,541)	\$ (50)	\$ 3	\$ 2,216
Nine Months Ended September 30, 2023							
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
Balance at December 31, 2022	109.5	\$ 1	\$ 4,805	\$ (2,994)	\$ (48)	\$ 3	\$ 1,767
Net income	—	—	—	10	—	—	10
Other comprehensive income	—	—	—	—	1	—	1
Stock-based compensation	—	—	12	—	—	—	12
Issuance of shares for vesting of equity awards	1.6	—	—	—	—	—	—
Shares withheld for taxes on equity awards	(0.6)	—	(4)	—	—	—	(4)
Dividends	—	—	—	—	—	(1)	(1)
Balance at September 30, 2023	110.5	\$ 1	\$ 4,813	\$ (2,984)	\$ (47)	\$ 2	\$ 1,785
Nine Months Ended September 30, 2022							
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
Balance at December 31, 2021	116.6	\$ 1	\$ 4,947	\$ (2,712)	\$ (50)	\$ 6	\$ 2,192
Cumulative effect adjustment due to the adoption of ASU 2020-06	—	—	(53)	5	—	—	(48)
Net income	—	—	—	166	—	3	169
Repurchase of common stock	(8.8)	—	(97)	—	—	—	(97)
Exercise of stock options	0.1	—	2	—	—	—	2
Stock-based compensation	—	—	20	—	—	—	20
Issuance of shares for vesting of equity awards	2.4	—	—	—	—	—	—
Shares withheld for taxes on equity awards	(0.8)	—	(16)	—	—	—	(16)
Dividends	—	—	—	—	—	(6)	(6)
Balance at September 30, 2022	109.5	\$ 1	\$ 4,803	\$ (2,541)	\$ (50)	\$ 3	\$ 2,216

Condensed Consolidated Statement of Changes in Equity for Anywhere Group

The Company has not included a statement of changes in equity for Anywhere Group as the operating results of Anywhere Group are consistent with the operating results of Anywhere as all revenue and expenses of Anywhere Group flow up to Anywhere and there are no incremental activities at the Anywhere level. The only difference between Anywhere Group and Anywhere is that the \$1 million in par value of common stock in Anywhere's equity is included in additional paid-in capital in Anywhere Group's equity.

Stock Repurchases

The Company may repurchase shares of its common stock under authorizations from its Board of Directors. Shares repurchased are retired and not displayed separately as treasury stock on the consolidated financial statements. The par value of the shares repurchased and retired is deducted from common stock and the excess of the purchase price over par value is first charged against any available additional paid-in capital with the balance charged to retained earnings. Direct costs incurred to repurchase the shares are included in the total cost of the shares.

The Company's Board of Directors authorized a share repurchase program of up to \$300 million of the Company's common stock in February 2022. The Company has not repurchased any shares under the share repurchase programs since 2022. As of September 30, 2023, \$203 million remained available for repurchase under the share repurchase program. The Company is subject to limitations on share repurchases, which include compliance with the terms of our debt agreements.

Stock-Based Compensation

During the first quarter of 2023, the Company granted restricted stock units related to 1.5 million shares with a weighted average grant date fair value of \$5.80 and performance stock units related to 1.5 million shares with a weighted average grant date fair value of \$4.76. The Company granted all time-based equity awards in the form of restricted stock units which are subject to ratable vesting over a three-year period.

Effective February 27, 2023, the Board approved, subject to stockholder approval at the 2023 Annual Meeting of Stockholders, the Second Amended and Restated Anywhere Real Estate Inc. (f/k/a Realogy Holdings Corp.) 2018 Long-Term Incentive Plan (the "Second A&R 2018 LTIP"), increasing the number of shares reserved thereunder by 5 million. The stockholders approved the Second A&R 2018 LTIP at the May 3, 2023 Annual Meeting of Stockholders.

9. EARNINGS PER SHARE***Earnings (loss) per share attributable to Anywhere***

Basic earnings (loss) per common share is computed based on net income (loss) attributable to Anywhere stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed consistently with the basic computation plus the effect of dilutive potential common shares outstanding during the period. Dilutive potential common shares include shares that the Company could be obligated to issue from its Exchangeable Senior Notes and warrants if dilutive and outstanding stock-based compensation awards. For purposes of computing diluted earnings (loss) per common share, weighted average common shares do not include potentially dilutive common shares if their effect is anti-dilutive. As such, the shares that the Company could be obligated to issue from its stock options, warrants and Exchangeable Senior Notes are excluded from the earnings (loss) per share calculation if the exercise or exchangeable price exceeds the average market price of common shares.

The Company uses the treasury stock method to calculate the dilutive effect of outstanding stock-based compensation. If dilutive, the Company uses the if converted method to calculate the dilutive effect of its Exchangeable Senior Notes. These notes will have a dilutive impact when the average market price of the Company's common stock exceeds the initial exchange price of \$24.49 per share. The Exchangeable Senior Notes were not dilutive as of September 30, 2023 as the closing price of the Company's common stock as of September 30, 2023 was less than the initial exchange price.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<i>(In millions, except per share data)</i>				
Numerator:				
Net income attributable to Anywhere shareholders	\$ 129	\$ 55	\$ 10	\$ 166
Denominator:				
Weighted average common shares outstanding (denominator for basic earnings per share calculation)	110.5	112.2	110.2	115.3
Dilutive effect of stock-based compensation awards (a)	1.6	1.3	1.4	1.7
Dilutive effect of Exchangeable Senior Notes and warrants (b)	—	—	—	—
Weighted average common shares outstanding (denominator for diluted earnings per share calculation)	112.1	113.5	111.6	117.0
Earnings per share attributable to Anywhere shareholders:				
Basic earnings per share	\$ 1.17	\$ 0.49	\$ 0.09	\$ 1.44
Diluted earnings per share	\$ 1.15	\$ 0.48	\$ 0.09	\$ 1.42

- (a) The three months ended September 30, 2023 and 2022, respectively, exclude 5.6 million and 5.4 million shares of common stock issuable for incentive equity awards which includes performance share units based on the achievement of target amounts that are anti-dilutive to the diluted earnings per share computation.
- The nine months ended September 30, 2023 and 2022, respectively, exclude 5.8 million and 5 million shares of common stock issuable for incentive equity awards which includes performance share units based on the achievement of target amounts that are anti-dilutive to the diluted earnings per share computation.
- (b) Shares to be provided to the Company from the exchangeable note hedge transactions purchased concurrently with its issuance of Exchangeable Senior Notes are anti-dilutive and therefore they are not treated as a reduction to its diluted shares.

10. SEGMENT INFORMATION

The reportable segments presented below represent the Company's segments for which separate financial information is available and which is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its segments.

Management evaluates the operating results of each of its reportable segments based upon revenue and Operating EBITDA. Operating EBITDA is defined by us as net income (loss) before depreciation and amortization, interest expense, net (other than relocation services interest for securitization assets and securitization obligations), income taxes, and other items that are not core to the operating activities of the Company such as restructuring charges, former parent legacy items, gains or losses on the early extinguishment of debt, impairments, gains or losses on discontinued operations and gains or losses on the sale of businesses, investments or other assets. The Company's presentation of Operating EBITDA may not be comparable to similar measures used by other companies.

	Revenues (a)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Franchise Group	\$ 271	\$ 306	\$ 762	\$ 912
Owned Brokerage Group	1,309	1,486	3,604	4,525
Title Group	93	113	265	447
Corporate and Other (b)	(89)	(97)	(245)	(299)
Total Company	\$ 1,584	\$ 1,808	\$ 4,386	\$ 5,585

- (a) Transactions between segments are eliminated in consolidation. Revenues for Franchise Group include intercompany royalties and marketing fees paid by Owned Brokerage Group of \$89 million and \$245 million for the three and nine months ended September 30, 2023, respectively, and \$97 million and \$299 million for the three and nine months ended September 30, 2022, respectively. Such amounts are eliminated through the Corporate and Other line.

- (b) Includes the elimination of transactions between segments.

Set forth in the table below is Operating EBITDA presented by reportable segment and a reconciliation to Net income attributable to Anywhere and Anywhere Group for the three and nine months ended September 30, 2023 and 2022:

	Operating EBITDA			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Franchise Group	\$ 155	\$ 202	\$ 416	\$ 544
Owned Brokerage Group	(8)	(1)	(93)	(30)
Title Group	2	9	(5)	27
Corporate and Other (a)	(42)	(44)	(137)	(104)
Total Company	\$ 107	\$ 166	\$ 181	\$ 437
Less: Depreciation and amortization	50	53	149	159
Interest expense, net	37	30	114	76
Income tax expense	45	8	7	52
Restructuring costs, net (b)	9	16	40	23
Impairments (c)	3	3	11	3
Former parent legacy cost, net (d)	—	1	17	1
(Gain) loss on the early extinguishment of debt (d)	(169)	—	(169)	92
Loss (gain) on the sale of businesses, investments or other assets, net (e)	3	—	2	(135)
Net income attributable to Anywhere and Anywhere Group	\$ 129	\$ 55	\$ 10	\$ 166

- (a) Includes the elimination of transactions between segments.

- (b) The three months ended September 30, 2023 includes restructuring charges of \$2 million at Franchise Group, \$5 million at Owned Brokerage Group, \$1 million at Title Group and \$1 million at Corporate and Other.

The three months ended September 30, 2022 includes restructuring charges of \$2 million at Franchise Group, \$8 million at Owned Brokerage Group and \$6 million at Corporate and Other.

The nine months ended September 30, 2023 includes restructuring charges of \$8 million at Franchise Group, \$23 million at Owned Brokerage Group, \$2 million at Title Group and \$7 million at Corporate and Other.

The nine months ended September 30, 2022 includes restructuring charges of \$4 million at Franchise Group, \$11 million at Owned Brokerage Group and \$8 million at Corporate and Other.

- (c) Impairments primarily relate to non-cash lease asset and software impairments.

- (d) Former parent legacy items and (Gain) loss on the early extinguishment of debt are recorded in Corporate and Other. Former parent legacy cost in 2023 relates to recent developments in a legacy tax matter in the first quarter of 2023. Gain on the early extinguishment of debt in 2023 relates to the debt exchange transactions and open market repurchases that occurred during the third quarter of 2023. Loss on the early extinguishment of debt in 2022 relates to the refinancing transactions that occurred during the first quarter of 2022.

- (e) Loss (gain) on the sale of businesses, investments or other assets, net in 2022 is recorded in Title Group and is related to the sale of the Title Underwriter and subsequent sales of a portion of the Company's ownership in the Title Insurance Underwriter Joint Venture.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying notes thereto included elsewhere herein and with our Consolidated Financial Statements and accompanying notes included in the 2022 Form 10-K. Unless otherwise noted, all dollar amounts in tables are in millions. Neither Anywhere, the indirect parent of Anywhere Group, nor Anywhere Intermediate, the direct parent company of Anywhere Group, conducts any operations other than with respect to its respective direct or indirect ownership of Anywhere Group. As a result, the condensed consolidated financial positions, results of operations and cash flows of Anywhere, Anywhere Intermediate and Anywhere Group are the same. This Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, contains forward-looking statements. See "Forward-Looking Statements" in this Quarterly Report as well as our 2022 Form 10-K for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those contained in any forward-looking statements.

OVERVIEW

We, through our subsidiaries, are a global provider of residential real estate services and report our operations in the following three business segments:

- **Anywhere Brands ("Franchise Group")**—franchises a portfolio of well-known, industry-leading franchise brokerage brands, including Better Homes and Gardens® Real Estate, Century 21®, Coldwell Banker®, Coldwell Banker Commercial®, Corcoran®, ERA® and Sotheby's International Realty®. As of September 30, 2023, our real estate franchise systems and proprietary brands had approximately 330,400 independent sales agents worldwide, including approximately 190,300 independent sales agents operating in the U.S. (which included approximately 57,600 company owned brokerage independent sales agents). As of September 30, 2023, our real estate franchise systems and proprietary brands had approximately 19,900 offices worldwide in 118 countries and territories, including approximately 5,600 brokerage offices in the U.S. (which included approximately 630 company owned brokerage offices). This segment also includes our lead generation activities through Anywhere Leads Group ("Leads Group") and global relocation services operation through Cartus® Relocation Services ("Cartus").
- **Anywhere Advisors ("Owned Brokerage Group")**—operates a full-service real estate brokerage business with approximately 630 owned and operated brokerage offices with approximately 57,600 independent sales agents principally under the Coldwell Banker®, Corcoran® and Sotheby's International Realty® brand names in many of the largest metropolitan areas in the U.S. This segment also includes our share of equity earnings or losses from our minority-owned real estate auction joint venture.
- **Anywhere Integrated Services ("Title Group")**—provides full-service title, escrow and settlement services to consumers, real estate companies, corporations and financial institutions primarily in support of residential real estate transactions. This segment also includes the Company's share of equity earnings or losses from Guaranteed Rate Affinity, our minority-owned mortgage origination joint venture, and from our minority-owned title insurance underwriter joint venture.

Our technology and data organization is dedicated to providing innovative technology products and solutions that support the productivity and success of Anywhere's businesses, brands, brokers, agents, and consumers.

RECENT DEVELOPMENTS

Litigation Update — Nationwide Settlement Agreement of Burnett and Moehrl Antitrust Litigation

On October 6, 2023, Anywhere announced the terms of a settlement agreement (the "Anywhere Settlement") the Company has entered into to settle all claims asserted or that could have been asserted against Anywhere in the *Burnett* and *Moehrl* antitrust class action litigation. Under the terms of the proposed nationwide settlement, which is subject to both preliminary and final court approval, Anywhere has agreed to provide monetary relief of \$83.5 million as well as injunctive relief. The Company does not expect the terms of the Anywhere Settlement to have a material impact on its results of operations, liquidity, or cash flows. The proposed settlement resolves, on a nationwide basis, all claims asserted or that could have been asserted against Anywhere in those cases. Specifically, the Anywhere Settlement releases the Company, all subsidiaries, brands, affiliated agents, and franchisees from all claims that were or could have been asserted by all persons

who sold a home that was listed on a multiple listing service anywhere in the United States where a commission was paid to any brokerage in connection with the sale of the home in the relevant class period. The proposed settlement is not an admission of liability, nor does it concede or validate any of the claims asserted against Anywhere and all pending seller antitrust litigation against Anywhere has been stayed.

On November 1, 2023, following a multi-week trial, judgment was entered against the non-settling defendants (Anywhere and another corporate defendant having settled before trial) and awarded damages to the plaintiffs from the non-settling defendants in the amount of \$1.785 billion, before trebling. While the jury found that all named defendants violated Section 1 of the Sherman Act, the judgment does not alter the Anywhere Settlement or the settlement of the other corporate defendant. The court has yet to determine injunctive relief in this action.

Prior to the jury findings, an additional purported class action was brought against NAR and other competitors who were not parties to any of the prior antitrust class action litigation.

See Note 7. "Commitments and Contingencies" to the Condensed Consolidated Financial Statements for more information and Part II., "Item 1A.—Risk Factors."

Debt Exchange Transactions

On August 24, 2023, the Company completed debt exchange transactions under Section 4(a)(2) of the Securities Act, pursuant to which the Company issued \$640 million of 7.00% Senior Secured Second Lien Notes due 2030 in exchange for \$298 million of its 5.75% Senior Notes due 2029 and \$503 million of its 5.25% Senior Notes due 2030, which included:

- \$218 million of 7.00% Senior Secured Second Lien Notes due 2030 issued to funds managed by Angelo, Gordon & Co., L.P. ("Angelo Gordon"), a Delaware limited partnership (the "Significant Noteholder Exchange"), in exchange for \$273 million of Senior Notes due 2029 and Senior Notes due 2030 (consisting of \$55 million of the 5.75% Senior Notes due 2029 and \$218 million of the 5.25% Senior Notes due 2030) pursuant to an exchange agreement dated July 25, 2023, between Anywhere and Angelo Gordon; and
- \$422 million of 7.00% Senior Secured Second Lien Notes due 2030 in exchange for \$243 million of the 5.75% Senior Notes due 2029 and \$285 million of the 5.25% Senior Notes due 2030, pursuant to exchange offers (the "Exchange Offers") on substantially similar terms to the Significant Noteholder Exchange.

As a result of the debt exchange transactions, the Company recorded a gain on the early extinguishment of debt of \$151 million. See Note 5, "Short and Long-Term Debt", to the Condensed Consolidated Financial Statements for more information.

Open Market Repurchases of 5.75% and 5.25% Senior Notes

Following expiration of the Exchange Offers in late August 2023 and on September 1, 2023, the Company repurchased \$26 million of its 5.75% Senior Notes and \$40 million of its 5.25% Senior Notes in open market purchases at an aggregate purchase price of \$48 million, plus accrued interest to the respective repurchase dates. As a result of the open market repurchases, the Company recorded a gain on the early extinguishment of debt of \$18 million.

After giving effect to the debt exchange transactions and the open market repurchases, as of September 30, 2023, there were \$576 million of 5.75% Senior Notes due 2029 and \$457 million of 5.25% Senior Notes due 2030 outstanding.

CURRENT BUSINESS AND INDUSTRY TRENDS

During 2022, the residential real estate market experienced a decline which significantly worsened in the second half of 2022. Franchise Group and Owned Brokerage Group homesale transaction volume (closed homesale transaction sides multiplied by average homesale price) on a combined basis decreased 14% in 2022 compared to 2021, with third and fourth quarter 2022 volume down 17% and 33%, respectively, year-over-year. Rapidly rising mortgage rates, high inflation, reduced affordability, and broader macroeconomic concerns drove significant declines in homesale transactions, as well as purchase and refinancing unit and mortgage origination volume, during 2022. The low inventory environment further contributed to declines in closed homesale sides during the year, though insufficient inventory levels strongly contributed to higher average homesale price in the first three quarters of 2022.

Market conditions in the residential real estate industry remained weak in the first nine months of 2023 with the factors described above continuing to affect the industry, including the continuing constraints on inventory. However, we saw sequential improvement with homesale transaction volume on a combined basis down 31% year-over-year in the first

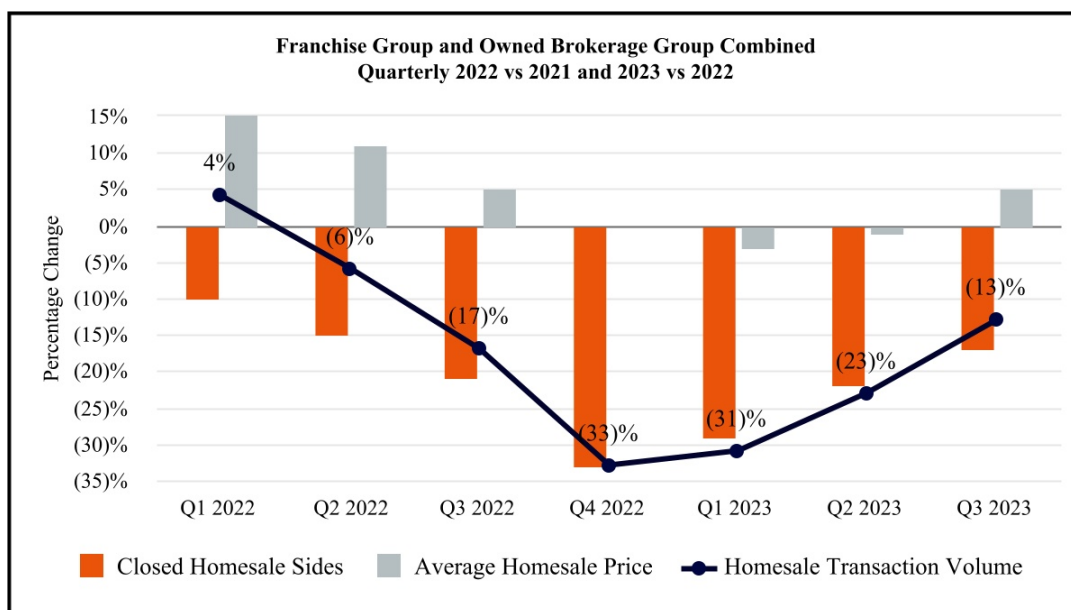
quarter of 2023, improving to down 23% year-over-year in the second quarter of 2023 and down 13% year-over-year in the third quarter of 2023.

The table below sets forth changes in homesale transaction volume, closed homesale sides (homesale transactions) and average homesale price at Franchise Group and Owned Brokerage Group, both on a combined and individual basis, for the three and nine months ended September 30, 2023 as compared with the same period in 2022:

	Three Months Ended September 30,	Nine Months Ended September 30,
Anywhere Combined		
Homesale transaction volume*	(13)%	(22)%
Closed homesale sides	(17)%	(23)%
Average homesale price	5%	—%
Anywhere Brands - Franchise Group		
Homesale transaction volume*	(14)%	(23)%
Closed homesale sides	(18)%	(23)%
Average homesale price	5%	1%
Anywhere Advisors - Owned Brokerage Group		
Homesale transaction volume*	(13)%	(22)%
Closed homesale sides	(17)%	(21)%
Average homesale price	5%	(1)%

* Homesale transaction volume is measured by multiplying closed homesale sides by average homesale price.

The graphic below shows the trend of homesale transaction volume on a combined basis for the Company by quarter in 2022 and 2023 as compared with the same period in the prior year:



Industry forecasts predicted significant declines in existing homesales in 2023, including Fannie Mae forecasting existing homesale transactions to decrease 18% to approximately 4.1 million transactions for the full year 2023, as of their most recently released forecast, which is the lowest since the Great Recession in 2008. These industry forecasts reflect an expectation that the moderation of declines in existing homesales during the first nine months of 2023 will continue for the remainder of 2023.

Furthermore, refinancing title and closing units declined 58% and purchase title and closing units declined 25% at Title Group during the first nine months of 2023 compared with the same period in 2022 as a result of the high interest rate environment and a reduction in volume related to a pullback in home purchasing by an institutional homebuyer with which we have a joint venture relationship.

Cost Savings and Operational Efficiencies. Beginning in the third quarter of 2022 and continuing, we took additional cost savings actions to offset, in part, expected declines in homesale transaction volume, including reductions in the near term on spending on certain variable and semi-variable expenses and streamlining our administrative support cost structure. During the third quarter of 2023, the Company realized additional cost savings of approximately \$60 million and over \$160 million year-to-date, of which approximately half related to specific restructuring activities, and expects to deliver approximately \$200 million for the full year 2023.

As discussed at the Company's Investor Day in May 2022, we believe that industry dynamics and customer demands will require simplified and more integrated and digitized offerings, systems and support. Delivering the Company's business model more digitally is an increasing part of improving the consumer experience and our ongoing cost focus. The Company expects to continue to prioritize investments in efforts to support our independent sales agents, franchisees and consumers. This includes investments in technology and innovative products, lead generation and franchisee support.

Mortgage Rates. According to Freddie Mac, average mortgage rates on commitments for a 30-year, conventional, fixed-rate mortgage more than doubled in 2022, reaching as high as 7.08% at times in the fourth quarter of 2022 and increased from an average of 6.11% in September 2022 to 7.20% in September 2023, which is approximately 330 basis points higher than the 10-year average of 3.95%. For the week ending October 26, 2023, mortgage rates on a 30-year fixed-rate mortgage averaged 7.79%, according to Freddie Mac and reached the highest level since 2000.

A wide variety of factors can contribute to mortgage rates, including federal interest rates, Treasury note yields, inflation, demand, consumer income, unemployment levels and foreclosure rates, to name a few. Since March 2022, the U.S. Federal Reserve Board (the "Federal Reserve") has taken aggressive action intended to try to control inflation, including raising the target federal funds rate by over 400 basis points during 2022 and by an additional 100 basis points since the beginning of 2023. In late September 2023, the Federal Reserve signaled that it expected at least one more rate increase later this year and expected fewer rate reductions in 2024 than it had previously projected. Yields on the 10-year Treasury note were 4.59% as of September 30, 2023 compared to 3.83% as of September 30, 2022. Fiscal and monetary policies of the federal government and its agencies can also adversely impact mortgage rates.

The rising interest rate environment has negatively impacted multiple aspects of our business, as increases in mortgage rates generally have an adverse impact on homesale transaction volume, housing affordability and purchase and refinancing unit and mortgage origination volume. We expect that our business will continue to be adversely impacted by the current high mortgage rate environment. For example, we believe the high mortgage rate environment is contributing to decreased homesale transaction volume, as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home and potential home buyers choose to rent rather than pay higher mortgage rates.

Inflation. U.S. consumers have been and may continue to be impacted by the current inflationary environment. The Consumer Price Index for All Urban Consumers, or CPI, rose 3.7% (not seasonally adjusted) for the 12-months ended September 30, 2023, according to the U.S. Bureau of Labor Statistics. The CPI measures the average change in prices paid by urban consumers for a market basket of consumer goods and services. Volatility in the macroeconomic environment, including disruptions related to Russia's invasion of Ukraine and the conflict in the Middle East, may further exacerbate inflationary pressures.

Affordability. The rapid increase in mortgage rates and inflation discussed above has had a corresponding negative impact on affordability, which has also been meaningfully impacted by rising home prices that are related, in part, to prolonged inventory constraints. Housing affordability may be further impacted in future periods by inflationary pressures, increases in mortgage rates, average homesale price and rising homeowners and flood insurance costs, further or accelerated declines in inventory, declining or stagnant wages, or other economic challenges.

Inventory & Turnover. Continued or accelerated declines in inventory have and may continue to result in insufficient supply to meet demand. Overall housing inventory levels have been a persistent industry-wide concern for years, in particular in certain highly sought-after geographies and at lower price points. Additional inventory pressure arises from periods of slow or decelerated new housing construction, potential home sellers choosing to stay with their lower mortgage rate rather than sell their home, real estate models that purchase homes for rental use (rather than resale), and alternative

competitors, such as iBuying models. These pressures have resulted in average sales price increasing significantly over the past two years, which we believe has contributed to further deterioration of inventory at lower price points.

We believe the speed of inventory supply turnover, which had increased significantly over the past two years, has slowed since the beginning of the second half of 2022 but remains at a faster pace than historical norms. For example, at our company owned Coldwell Banker brokerages, the speed at which a home that was listed for sale went under contract was a median of 21 days in the third quarter of 2023 compared to a median of 21 days on the market in the third quarter of 2022, 16 days on the market in the third quarter of 2021 and 31 days on the market in the third quarter of 2019.

Recruitment and Retention of Independent Sales Agents; Commission Income. Recruitment and retention of independent sales agents and independent sales agent teams are critical to the business and financial results of a brokerage, including our company owned brokerages and those operated by affiliated franchisees. As of September 30, 2023 compared to the same period in 2022, independent sales agents affiliated with our company owned brokerages declined 4% and, based on information from such franchisees, independent sales agents affiliated with our U.S. franchisees also declined 4%. We believe these declines are consistent with a broader market trend of agents leaving the industry.

Aggressive competition for the affiliation of independent sales agents in this industry continues to make recruitment and retention efforts at both Franchise Group and Owned Brokerage Group challenging, in particular with respect to more productive sales agents, and had and may continue to have a negative impact on our market share. These competitive market factors along with other trends (such as changes in the spending patterns of independent sales agents, as more agents purchase services from third parties outside of their affiliated broker) are expected to continue to put upward pressure on the average share of commissions earned by independent sales agents. If independent sales agents affiliated with our company owned brokerages are paid a higher proportion of the commissions earned on a homesale transaction or the level of commission income we receive from a homesale transaction is otherwise reduced, the operating margins of our company owned brokerages could continue to be adversely affected. Similarly, franchisees have and may continue to seek reduced royalty fee arrangements or other incentives from us to offset the continued business pressures on such franchisees, which would result in a reduction in royalty fees paid to us.

Recent Regional Bank Failures. Several regional banks either failed or were significantly impacted by very weak balance sheets and related liquidity concerns. According to Goldman Sachs, lenders with less than \$250 billion in assets account for 60% of residential real estate lending and actions by regional or local banks to pull back on their lending practices, including mortgage lending, to strengthen their balance sheets could adversely impact the U.S. economy, including the residential real estate market.

Competition and Industry Disruption. See Part I., "Item 1.—Business—Competition" in our 2022 Form 10-K for a discussion of the current competitive environment, including with respect to competition for independent sales agents and franchisees as well as non-traditional competition and industry disruption.

Legal & Regulatory Environment. For a discussion of the current legal and regulatory environment and how such environment could potentially impact us, see Part I., "Item 1.—Business—Government and Other Regulations" and Part I., "Item 1A.—Risk Factors" in our 2022 Form 10-K.

Pending Litigation. For a discussion of material litigation involving the Company see Part II., "Item 1.—Legal Proceedings" and Note 7, "Commitments and Contingencies—Litigation", to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report. Adverse outcomes in these matters, individually or in the aggregate, including delays or a failure to receive preliminary or final court approval of any related settlements, could have a material adverse effect on our business, results of operations and financial condition, including with respect to our liquidity.

* * *

Other Third Party Data. This Quarterly Report includes data and information obtained from independent sources such as the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the U.S. Bureau of Labor Statistics, the U.S. Federal Reserve Board, and the Federal Reserve Bank of Atlanta. We caution that such information is subject to change and do not endorse or suggest reliance on this data or information alone.

KEY DRIVERS OF OUR BUSINESSES

Within Franchise Group and Owned Brokerage Group, we measure operating performance using the following key operating metrics: (i) closed homesale sides, which represents either the "buy" side or the "sell" side of a homesale transaction, (ii) average homesale price, which represents the average selling price of closed homesale transactions, and (iii) average homesale broker commission rate, which represents the average commission rate earned on either the "buy" side or "sell" side of a homesale transaction.

For Franchise Group, we also use net royalty per side, which represents the royalty payment to Franchise Group for each homesale transaction side taking into account royalty rates, homesale price, average homesale broker commission rates, volume incentives achieved and other incentives. We utilize net royalty per side as it includes the impact of changes in average homesale price as well as all incentives and represents the royalty revenue impact of each incremental side.

For Owned Brokerage Group, we also use gross commission income per side, which represents gross commission income divided by closed homesale sides. Gross commission income includes commissions earned in homesale transactions and certain other activities, primarily leasing transactions. Owned Brokerage Group, as a franchisee of Franchise Group, pays a royalty fee of approximately 6% per transaction to Franchise Group from the commission earned on a real estate transaction. The remainder of gross commission income is split between the broker (Owned Brokerage Group) and the independent sales agent in accordance with their applicable independent contractor agreement (which specifies the portion of the broker commission to be paid to the agent), which varies by agent agreement.

For Title Group, operating performance is evaluated using the following key metrics: (i) purchase title and closing units, which represent the number of title and closing units we process as a result of home purchases, (ii) refinance title and closing units, which represent the number of title and closing units we process as a result of homeowners refinancing their home loans, and (iii) average fee per closing unit, which represents the average fee we earn on purchase title and refinancing title sides.

The following table presents our drivers for the three and nine months ended September 30, 2023 and 2022. See "Results of Operations" below for a discussion as to how these drivers affected our business for the periods presented.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Anywhere Brands - Franchise Group (a)						
Closed homesale sides	200,619	243,494	(18)%	555,038	724,858	(23)%
Average homesale price	\$ 470,818	\$ 449,313	5 %	\$ 462,826	\$ 458,767	1 %
Average homesale broker commission rate	2.45 %	2.43 %	2 bps	2.45 %	2.43 %	2 bps
Net royalty per side	\$ 442	\$ 422	5 %	\$ 432	\$ 429	1 %
Anywhere Advisors - Owned Brokerage Group						
Closed homesale sides	71,794	86,022	(17)%	201,097	253,422	(21)%
Average homesale price	\$ 712,232	\$ 681,387	5 %	\$ 698,195	\$ 708,719	(1)%
Average homesale broker commission rate	2.41 %	2.40 %	1 bps	2.42 %	2.40 %	2 bps
Gross commission income per side	\$ 18,013	\$ 17,070	6 %	\$ 17,699	\$ 17,649	— %
Anywhere Integrated Services - Title Group						
Purchase title and closing units	28,453	35,045	(19)%	80,338	107,395	(25)%
Refinance title and closing units	2,304	3,339	(31)%	6,810	16,119	(58)%
Average fee per closing unit	\$ 3,187	\$ 3,127	2 %	\$ 3,176	\$ 3,149	1 %

(a) Includes all franchisees except for Owned Brokerage Group.

Declines in the number of closed homesale sides and/or declines in average homesale price adversely affect our results of operations by: (i) reducing the royalties we receive from our franchisees, (ii) reducing the commissions our company owned brokerage operations earn, and (iii) reducing the demand for services offered through Title Group, including title, escrow and settlement services or the services of our mortgage origination, title underwriter insurance, or other joint ventures. Additionally, declining closed homesale sides and/or declines in average homesale price increase the risk of franchisee default due to lower homesale volume. Further, our results have been and may continue to be negatively affected

by a decline in commission rates charged by brokers, greater commission payments to independent sales agents, lower royalty rates from franchisees or an increase in other incentives paid to franchisees, among other factors.

We attribute the 2 basis points increase in average homesale broker commission rate in the first nine months of 2023 at both Owned Brokerage Group and Franchise Group over the prior period to price and geographic mix. Over the past 10 years, we have experienced an average of approximately one basis point decline in the average homesale broker commission rate each year, which we believe has been largely attributable to increases in average homesale prices (as higher priced homes tend to have a lower broker commission) and, to a lesser extent, competitors providing fewer or similar services for a reduced fee.

Royalty fees are charged to all franchisees pursuant to the terms of the relevant franchise agreements and franchisees may receive volume incentives described in each of the real estate brands' franchise disclosure documents. Other incentives may also be used as consideration to attract new franchisees, grow franchisees (including through independent sales agent recruitment) or extend existing franchise agreements, although in contrast to volume incentives, the majority of other incentives are not homesale transaction based. See Part I., "Item 1.—Business—Anywhere Brands—Franchise Group—Operations—Franchising" in our 2022 Form 10-K for additional information.

Over the past several years, our top 250 franchisees have grown faster than our other franchisees through organic growth and market consolidation, which has had, and may continue to, put pressure on our ability to renew or negotiate franchise agreements with favorable terms due to their size and scale, and that has had, and could, adversely impact our royalty revenue.

We face significant competition from other national real estate brokerage brand franchisors for franchisees and we expect that the trend of increasing incentives will continue in the future in order to attract, retain, and help grow certain franchisees. Taking into account competitive factors, from time to time, we have and may continue to introduce pilot programs or restructure or revise the model used at one or more franchised brands, including with respect to fee structures, minimum production requirements or other terms. We expect to experience pressures on net royalty per side, largely due to the impact of competitive market factors noted above and continued concentration among our top 250 franchisees.

Owned Brokerage Group has a significant concentration of real estate brokerage offices and transactions in geographic regions where home prices are at the higher end of the U.S. real estate market, particularly the east and west coasts, while Franchise Group has franchised offices that are more widely dispersed across the United States. Accordingly, operating results and homesale statistics may differ between Owned Brokerage Group and Franchise Group based upon geographic presence and the corresponding homesale activity in each geographic region. In addition, the share of commissions earned by independent sales agents directly impacts the margin earned by Owned Brokerage Group. Such share of commissions earned by independent sales agents varies by region and commission schedules are generally progressive to incentivize sales agents to achieve higher levels of production.

RESULTS OF OPERATIONS

Discussed below are our condensed consolidated results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our segments for which separate financial information is available and which is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our segments. Management evaluates the operating results of each of our reportable segments based upon revenue and Operating EBITDA. Operating EBITDA is a non-GAAP financial measure and is defined by us as net income (loss) before depreciation and amortization, interest expense, net (other than relocation services interest for securitization assets and securitization obligations), income taxes, and other items that are not core to the operating activities of the Company such as restructuring charges, former parent legacy items, gains or losses on the early extinguishment of debt, impairments, gains or losses on discontinued operations and gains or losses on the sale of businesses, investments or other assets. Our presentation of Operating EBITDA may not be comparable to similarly titled measures used by other companies.

Our results of operations should be read in conjunction with our other disclosures in this Item 2. including under the heading *Current Business and Industry Trends*.

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022

Our consolidated results comprised the following:

	Three Months Ended September 30,		
	2023	2022	Change
Net revenues	\$ 1,584	\$ 1,808	\$ (224)
Total expenses	1,414	1,742	(328)
Income before income taxes, equity in (earnings) losses and noncontrolling interests	170	66	104
Income tax expense	45	8	37
Equity in (earnings) losses of unconsolidated entities	(4)	2	(6)
Net income	129	56	73
Less: Net income attributable to noncontrolling interests	—	(1)	1
Net income attributable to Anywhere and Anywhere Group	\$ 129	\$ 55	\$ 74

Net revenues decreased \$224 million or 12% for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 driven primarily by lower homesale transaction volume at Owned Brokerage Group and Franchise Group primarily due to a decline in homesale transactions.

Total expenses decreased \$328 million or 19% for the third quarter of 2023 compared to the third quarter of 2022 primarily due to:

- a \$169 million gain on the early extinguishment of debt as a result of the debt exchange transactions and open market repurchases that occurred during the third quarter of 2023;
- a \$133 million decrease in commission and other sales agent-related costs primarily due to lower homesale transaction volume;
- a \$24 million net decrease in operating and general and administrative expenses primarily attributable to a decrease in employee-related and other operating costs due to cost savings initiatives partially offset by higher employee incentive accruals; and
- \$9 million of restructuring costs during the third quarter of 2023 primarily related to cost savings initiatives compared to \$16 million of restructuring costs during the third quarter of 2022,

partially offset by a \$7 million net increase in interest expense primarily due to the absence in the third quarter of 2023 of \$5 million of gains recognized in the third quarter of 2022 related to the fair value adjustment for mark-to-market adjustments for interest rate swaps (which expired during the fourth quarter of 2022).

Equity in earnings were \$4 million during the third quarter of 2023 compared to losses of \$2 million during the third quarter of 2022. Equity in earnings during the third quarter of 2023 consisted of \$2 million of earnings for the Title Insurance Underwriter Joint Venture, \$1 million of earnings for Guaranteed Rate Affinity and \$1 million of earnings for our other title related equity method investments. Equity in losses for the third quarter of 2022 consisted of \$4 million of losses for the operations of our brokerage related equity method investments and \$3 million of losses for Guaranteed Rate Affinity, partially offset by \$3 million of earnings for our other title related equity method investments and \$2 million of earnings for the Title Insurance Underwriter Joint Venture.

In 2022, we began to take additional cost savings actions to offset, in part, expected declines in homesale transaction volume, including reductions in the near term on spending on certain variable and semi-variable expenses and streamlining our administrative support cost structure. As a result, we implemented a restructure plan ("Operational Efficiencies Plan") under which we incurred \$8 million of costs including \$5 million of facility related costs and \$3 million of personnel related costs during the third quarter of 2023 compared to \$10 million of costs during the third quarter of 2022. Total expected restructuring costs under the Operational Efficiencies Plan are currently anticipated to be \$59 million with \$56 million incurred through the third quarter of 2023. During the third quarter of 2023, the Company realized additional cost savings of approximately \$60 million and over \$160 million year-to-date, of which approximately half related to specific restructuring activities, and expects to deliver approximately \$200 million for the full year 2023.

Furthermore, in connection with prior restructuring programs, we incurred \$1 million of costs during the third quarter of 2023 compared to \$6 million during the third quarter of 2022 primarily related to the transformation of our corporate headquarters. See Note 6, "Restructuring Costs", in the Condensed Consolidated Financial Statements for additional information.

The Company's provision for income taxes in interim periods is computed by applying its estimated annual effective tax rate against the income or loss before income taxes for the period. In addition, non-recurring or discrete items are recorded in the period in which they occur. The provision for income taxes was an expense of \$45 million for the three months ended September 30, 2023 compared to \$8 million for the three months ended September 30, 2022. Our effective tax rate was 26% and 13% for the three months ended September 30, 2023 and 2022, respectively. The effective tax rate for the three months ended September 30, 2022 was favorably impacted by the tax credits claimed on the federal and state tax returns upon the completion of our research tax credit study.

The following table reflects a reconciliation of Net income attributable to Anywhere and Anywhere Group to Operating EBITDA and the results of each of our reportable segments during the three months ended September 30, 2023 and 2022:

	Three Months Ended September 30,			
	2023		2022	
Net income attributable to Anywhere and Anywhere Group	\$	129	\$	55
Income tax expense		45		8
Income before income taxes		174		63
Add: Depreciation and amortization		50		53
Interest expense, net		37		30
Restructuring costs, net (a)		9		16
Impairments (b)		3		3
Former parent legacy cost, net (c)		—		1
Gain on the early extinguishment of debt (c)		(169)		—
Loss on the sale of businesses, investments or other assets, net		3		—
Operating EBITDA	\$	107	\$	166

	Revenues (d)				Operating EBITDA				Operating EBITDA Margin			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change	2023	2022	Change	
Franchise Group	\$ 271	\$ 306	\$ (35)	(11)%	\$ 155	\$ 202	\$ (47)	(23)%	57 %	66 %	(9)	
Owned Brokerage Group	1,309	1,486	(177)	(12)	(8)	(1)	(7)	(700)	(1)	—	(1)	
Title Group	93	113	(20)	(18)	2	9	(7)	(78)	2	8	(6)	
Corporate and Other	(89)	(97)	8	(d)	(42)	(44)	2	5				
Total Company	\$ 1,584	\$ 1,808	\$ (224)	(12)%	\$ 107	\$ 166	\$ (59)	(36)%	7 %	9 %	(2)	

- (a) Restructuring charges incurred for the three months ended September 30, 2023 include \$2 million at Franchise Group, \$5 million at Owned Brokerage Group, \$1 million at Title Group and \$1 million at Corporate and Other. Restructuring charges incurred for the three months ended September 30, 2022 include \$2 million at Franchise Group, \$8 million at Owned Brokerage Group and \$6 million at Corporate and Other.
- (b) Impairments primarily relate to non-cash lease asset and software impairments.
- (c) Former parent legacy items and Gain on the early extinguishment of debt are recorded in Corporate and Other. Gain on the early extinguishment of debt relates to the debt exchange transactions and open market repurchases that occurred during the third quarter of 2023.
- (d) Revenues include the elimination of transactions between segments, which consists of intercompany royalties and marketing fees paid by Owned Brokerage Group of \$89 million and \$97 million during the three months ended September 30, 2023 and 2022, respectively, and are eliminated through the Corporate and Other line.

As described in the aforementioned table, Operating EBITDA margin for "Total Company" expressed as a percentage of revenues decreased 2 percentage points for the three months ended September 30, 2023 compared to 2022. Franchise Group's margin decreased 9 percentage points primarily due to a decrease in royalty revenue and an increase in employee incentive accruals, partially offset by cost savings initiatives. Owned Brokerage Group's margin decreased 1 percentage point primarily due to declines in revenue and higher employee incentive accruals, partially offset by cost savings initiatives. Title Group's margin decreased 6 percentage points, with 8 percentage points related to the decline in purchase and refinance revenue, partially offset by a decrease in employee-related and other operating costs as a result of cost savings initiatives.

Corporate and Other Operating EBITDA for the three months ended September 30, 2023 improved \$2 million to a loss of \$42 million primarily due to less expense related to legal accruals in the third quarter of 2023 compared to the third quarter of 2022 and cost savings initiatives, partially offset by higher employee incentive accruals.

Anywhere Brands - Franchise Group

Revenues decreased \$35 million to \$271 million and Operating EBITDA decreased \$47 million to \$155 million for the three months ended September 30, 2023 compared with the same period in 2022.

Revenues decreased \$35 million primarily as a result of a \$14 million decrease in third-party domestic franchisee royalty revenue, primarily driven by a 14% decrease in homesale transaction volume at Franchise Group which consisted of an 18% decrease in existing homesale transactions partially offset by a 5% increase in average homesale price, and a \$10 million decrease in intercompany royalties received from Owned Brokerage Group. Furthermore, revenue from our relocation operations and leads business decreased \$15 million primarily as a result of lower volume. The revenue decreases were partially offset by a \$6 million increase in brand marketing fund revenue and related expense primarily due to higher advertising costs during the third quarter of 2023 as compared to the third quarter of 2022.

Franchise Group's revenue includes intercompany royalties received from Owned Brokerage Group of \$84 million and \$94 million during the third quarter of 2023 and 2022, respectively, which are eliminated in consolidation against the expense reflected in Owned Brokerage Group's results.

Operating EBITDA decreased \$47 million primarily due to the \$35 million decrease in revenues discussed above, the \$6 million increase in brand marketing fund expense discussed above and a \$6 million increase in employee related costs primarily due to higher incentive accruals, partially offset by cost savings initiatives.

Anywhere Advisors - Owned Brokerage Group

Revenues decreased \$177 million to \$1,309 million and Operating EBITDA decreased \$7 million to a loss of \$8 million for the three months ended September 30, 2023 compared with the same period in 2022.

The revenue decrease of \$177 million was primarily driven by a 13% decrease in homesale transaction volume at Owned Brokerage Group which consisted of a 17% decrease in existing homesale transactions, partially offset by a 5% increase in average homesale price.

Operating EBITDA decreased \$7 million primarily due to the \$177 million decrease in revenues discussed above, partially offset by:

- a \$133 million decrease in commission expenses paid to independent sales agents from \$1,170 million for the third quarter of 2022 to \$1,037 million in the third quarter of 2023 primarily as a result of lower homesale transaction volume;
- a \$16 million decrease in other operating costs primarily related to a decrease in employee-related costs due to lower employee headcount as a result of cost savings initiatives, partially offset by higher employee incentive accruals;
- a \$10 million decrease in royalties paid to Franchise Group from \$94 million for the third quarter 2022 to \$84 million in the same period of 2023 associated with the homesale transaction volume declines described above;
- a \$7 million decrease in marketing expense as a result of cost savings initiatives; and
- the absence of \$4 million in equity in losses primarily related to a former investment in 2022.

Anywhere Integrated Services - Title Group

Revenues decreased \$20 million to \$93 million and Operating EBITDA decreased \$7 million to \$2 million for the three months ended September 30, 2023 compared with the same period in 2022.

Revenues decreased \$20 million primarily due to a \$17 million decrease in purchase revenue as a result of a decrease in transactions primarily due to the high interest rate environment, partially offset by an increase in the average fee per closing unit. Furthermore, refinance revenue decreased \$3 million due to a decrease in activity as average mortgage rates increased approximately 150 basis points during the third quarter of 2023 compared to the same period in 2022.

Operating EBITDA decreased \$7 million primarily due to the \$20 million decrease in revenues discussed above, partially offset by an \$11 million decrease in employee-related and other operating costs primarily as a result of cost savings

initiatives and declines in variable operating costs due to lower volume and a \$2 million increase in equity in earnings from earnings of \$2 million during the third quarter of 2022 to earnings of \$4 million during the third quarter of 2023.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Our consolidated results comprised the following:

	Nine Months Ended September 30,		
	2023	2022	Change
Net revenues	\$ 4,386	\$ 5,585	\$ (1,199)
Total expenses	4,376	5,348	(972)
Income before income taxes, equity in (earnings) losses and noncontrolling interests	10	237	(227)
Income tax expense	7	52	(45)
Equity in (earnings) losses of unconsolidated entities	(7)	16	(23)
Net income	10	169	(159)
Less: Net income attributable to noncontrolling interests	—	(3)	3
Net income attributable to Anywhere and Anywhere Group	\$ 10	\$ 166	\$ (156)

Net revenues decreased \$1,199 million or 21% for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 driven primarily by lower homesale transaction volume at Owned Brokerage Group and Franchise Group primarily due to a decline in homesale transactions. In addition, net revenues decreased \$80 million due to the absence of revenue at Title Group as a result of the sale of the Title Insurance Underwriter late in the first quarter of 2022.

Total expenses decreased \$972 million or 18% for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 primarily due to:

- a \$708 million decrease in commission and other sales agent-related costs primarily due to lower homesale transaction volume;
- a \$169 million gain on the early extinguishment of debt as a result of the debt exchange transactions and open market repurchases that occurred during the third quarter of 2023 compared to a \$92 million loss on the early extinguishment of debt as a result of the refinancing transactions during the first quarter of 2022 which included approximately \$80 million related to make-whole premiums paid in connection with the early redemption of the 7.625% Senior Secured Second Lien Notes and 9.375% Senior Notes;
- a \$179 million decrease in operating and general and administrative expenses primarily attributable to a decrease in employee-related and other operating costs due to cost savings initiatives, partially offset by higher employee incentive accruals and an increase in accruals for several legal matters, and a \$74 million decrease in underwriter costs as a result of the sale of the Title Underwriter late in the first quarter of 2022; and
- a \$34 million decrease in marketing costs as a result of cost savings initiatives,

partially offset by:

- a \$141 million decrease in other income primarily due to the absence of the \$131 million gain recorded at Title Group related to the sale of the Title Underwriter in the first quarter of 2022;
- a \$38 million net increase in interest expense primarily due to the absence during the nine months ended September 30, 2023 of \$40 million of gains recognized during the nine months ended September 30, 2022 related to the fair value adjustment for mark-to-market adjustments for interest rate swaps (which expired during the fourth quarter of 2022);
- \$40 million of restructuring costs during the nine months ended September 30, 2023 primarily related to cost savings initiatives compared to \$23 million of restructuring costs during the nine months ended September 30, 2022; and
- an increase in former parent legacy cost of \$16 million primarily related to recent developments in a legacy tax matter in the first quarter of 2023.

Equity in earnings were \$7 million for the nine months ended September 30, 2023 compared to losses of \$16 million during the same period of 2022. Equity in earnings for the nine months ended September 30, 2023 consisted of \$4 million of earnings for the Title Insurance Underwriter Joint Venture, \$2 million of earnings for the operations of our other title related

equity method investments and \$1 million of earnings for Guaranteed Rate Affinity. Equity in losses for the nine months ended September 30, 2022 consisted of \$13 million of losses for the operations of our brokerage related equity method investments and \$12 million of losses for Guaranteed Rate Affinity, partially offset by \$5 million of earnings for the Title Insurance Underwriter Joint Venture and \$4 million of earnings for the operations of our other title related equity method investments.

During the nine months ended September 30, 2023, we incurred \$36 million of costs related to the Operational Efficiencies Plan including \$20 million of facility related costs and \$16 million of personnel related costs primarily at Owned Brokerage Group, compared to \$10 million of costs during the nine months ended September 30, 2022. Furthermore, in connection with prior restructuring programs, we incurred \$4 million of costs during the nine months ended September 30, 2023 compared to \$13 million during the nine months ended September 30, 2022 primarily related to the transformation of our corporate headquarters. See Note 6, "Restructuring Costs", in the Condensed Consolidated Financial Statements for additional information.

The Company's provision for income taxes in interim periods is computed by applying its estimated annual effective tax rate against the income or loss before income taxes for the period. In addition, non-recurring or discrete items are recorded in the period in which they occur. The provision for income taxes was an expense of \$7 million for the nine months ended September 30, 2023 compared to \$52 million for the nine months ended September 30, 2022. Our effective tax rate was 41% and 24% for the nine months ended September 30, 2023 and September 30, 2022, respectively. The effective tax rate for the nine months ended September 30, 2023 utilized a lower pre-tax income and was primarily impacted by non-deductible executive compensation and equity awards for which the market value at vesting was lower than at the date of grant, partially offset by a benefit for research and development tax credits.

The following table reflects a reconciliation of Net income attributable to Anywhere and Anywhere Group to Operating EBITDA and the results of each of our reportable segments during the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30,	
	2023	2022
Net income attributable to Anywhere and Anywhere Group	\$ 10	\$ 166
Income tax expense	7	52
Income before income taxes	17	218
Add: Depreciation and amortization	149	159
Interest expense, net	114	76
Restructuring costs, net (a)	40	23
Impairments (b)	11	3
Former parent legacy cost, net (c)	17	1
(Gain) loss on the early extinguishment of debt (c)	(169)	92
Loss (gain) on the sale of businesses, investments or other assets, net (d)	2	(135)
Operating EBITDA	\$ 181	\$ 437

	Revenues (e)		\$ Change	% Change	Operating EBITDA		\$ Change	% Change	Operating EBITDA Margin		Change
	2023	2022			2023	2022			2023	2022	
Franchise Group	\$ 762	\$ 912	\$ (150)	(16)%	\$ 416	\$ 544	\$ (128)	(24)%	55 %	60 %	(5)
Owned Brokerage Group	3,604	4,525	(921)	(20)	(93)	(30)	(63)	(210)	(3)	(1)	(2)
Title Group	265	447	(182)	(41)	(5)	27	(32)	(119)	(2)	6	(8)
Corporate and Other	(245)	(299)	54	(e)	(137)	(104)	(33)	(32)			
Total Company	\$ 4,386	\$ 5,585	\$ (1,199)	(21)%	\$ 181	\$ 437	\$ (256)	(59)%	4 %	8 %	(4)

(a) Restructuring charges incurred for the nine months ended September 30, 2023 include \$8 million at Franchise Group, \$23 million at Owned Brokerage Group, \$2 million at Title Group and \$7 million at Corporate and Other. Restructuring charges incurred for the nine months ended September 30, 2022 include \$4 million at Franchise Group, \$11 million at Owned Brokerage Group and \$8 million at Corporate and Other.

(b) Impairments primarily relate to non-cash lease asset and software impairments.

- (c) Former parent legacy items and (Gain) loss on the early extinguishment of debt are recorded in Corporate and Other. Former parent legacy cost in 2023 relates to recent developments in a legacy tax matter in the first quarter of 2023. Gain on the early extinguishment of debt in 2023 relates to the debt exchange transactions and open market repurchases that occurred during the third quarter of 2023. Loss on the early extinguishment of debt in 2022 relates to the refinancing transactions that occurred during the first quarter of 2022.
- (d) Loss (gain) on the sale of businesses, investments or other assets, net in 2022 is recorded in Title Group and is related to the sale of the Title Underwriter and subsequent sales of a portion of the Company's ownership in the Title Insurance Underwriter Joint Venture.
- (e) Revenues include the elimination of transactions between segments, which consists of intercompany royalties and marketing fees paid by Owned Brokerage Group of \$245 million and \$299 million during the nine months ended September 30, 2023 and 2022, respectively, and are eliminated through the Corporate and Other line.

As described in the aforementioned table, Operating EBITDA margin for "Total Company" expressed as a percentage of revenues decreased 4 percentage points for the nine months ended September 30, 2023 compared to the same period in 2022. Franchise Group's margin decreased 5 percentage points primarily due to a decrease in royalty revenue and higher employee incentive accruals, partially offset by cost savings initiatives. Owned Brokerage Group's margin decreased 2 percentage points primarily due to declines in revenue, higher employee incentive accruals and an increase in the portion of sales commissions received by independent sales agents, partially offset by cost savings initiatives. Title Group's margin decreased 8 percentage points, with 12 percentage points related to the decline in purchase and refinance revenue, partially offset by a decrease in employee-related and other operating costs as a result of cost savings initiatives.

Corporate and Other Operating EBITDA for the nine months ended September 30, 2023 declined \$33 million to a loss of \$137 million primarily due to higher employee incentive accruals, partially offset by cost savings initiatives.

Anywhere Brands - Franchise Group

Revenues decreased \$150 million to \$762 million and Operating EBITDA decreased \$128 million to \$416 million for the nine months ended September 30, 2023 compared with the same period in 2022.

Revenues decreased \$150 million primarily as a result of a \$67 million decrease in third-party domestic franchisee royalty revenue driven by a 23% decrease in homesale transaction volume at Franchise Group which was primarily due to a decrease in existing homesale transactions, and a \$54 million decrease in intercompany royalties received from Owned Brokerage Group. Furthermore, revenue from our relocation operations and leads business decreased \$25 million as a result of lower volume. In addition, brand marketing fund revenue and related expense decreased \$6 million primarily due to lower advertising costs during the nine months ended September 30, 2023 as compared with the same period in 2022. The revenue decreases were partially offset by a \$2 million increase in other franchise revenue primarily related to registration fees for meetings and conferences occurring in 2023 that were not held in 2022.

Franchise Group's revenue includes intercompany royalties received from Owned Brokerage Group of \$233 million and \$287 million during the nine months ended September 30, 2023 and 2022, respectively, which are eliminated in consolidation against the expense reflected in Owned Brokerage Group's results.

Operating EBITDA decreased \$128 million primarily due to the \$150 million decrease in revenues discussed above. The Operating EBITDA decrease was partially offset by a \$9 million decrease in employee-related and other operating costs primarily due to cost savings initiatives, partially offset by higher employee incentive accruals. In addition, other marketing expense had a net decrease of \$7 million and brand marketing fund expense decreased \$6 million as a result of cost savings initiatives.

Anywhere Advisors - Owned Brokerage Group

Revenues decreased \$921 million to \$3,604 million and Operating EBITDA decreased \$63 million to a loss of \$93 million for the nine months ended September 30, 2023 compared with the same period in 2022.

The revenue decrease of \$921 million was primarily driven by a 22% decrease in homesale transaction volume at Owned Brokerage Group which was primarily due to a decrease in existing homesale transactions.

Operating EBITDA decreased \$63 million primarily due to the \$921 million decrease in revenues discussed above, partially offset by:

- a \$708 million decrease in commission expenses paid to independent sales agents from \$3,560 million for the nine months ended September 30, 2022 to \$2,852 million for the nine months ended September 30, 2023 primarily as a result of lower homesale transaction volume;
- a \$61 million decrease in other operating costs primarily related to a decrease in employee-related costs due to lower employee headcount as a result of cost savings initiatives, partially offset by higher employee incentive accruals;
- a \$54 million decrease in royalties paid to Franchise Group from \$287 million for the nine months ended September 30, 2022 to \$233 million in the same period of 2023 associated with the homesale transaction volume declines described above;
- a \$22 million decrease in marketing expense as a result of cost savings initiatives; and
- the absence of \$13 million in equity in losses primarily related to a former investment in 2022.

Anywhere Integrated Services - Title Group

Revenues decreased \$182 million to \$265 million and Operating EBITDA decreased \$32 million to a loss of \$5 million for the nine months ended September 30, 2023 compared with the same period in 2022.

Revenues decreased \$182 million primarily due to an \$80 million decrease in underwriter revenue during the nine months ended September 30, 2023 compared to the same period in 2022 as a result of the sale of the Title Underwriter late in the first quarter of 2022. In addition, purchase revenue decreased \$81 million due to a decrease in transactions primarily due to the high interest rate environment and a reduction in volume related to a pullback in home purchasing by an institutional homebuyer with which we have a joint venture relationship. Furthermore, refinance revenue decreased \$19 million due to a decrease in activity as average mortgage rates increased approximately 180 basis points during the nine months ended September 30, 2023 over the prior period.

Operating EBITDA decreased \$32 million primarily due to the \$100 million decrease in purchase and refinance revenue discussed above and a \$6 million net decline as a result of the sale of the Title Underwriter. The Operating EBITDA decreases discussed above were partially offset by a \$66 million decrease in employee-related and other operating costs primarily as a result of cost savings initiatives and declines in variable operating costs due to lower volume and a \$10 million improvement in equity in earnings from losses of \$3 million during the nine months ended September 30, 2022 to earnings of \$7 million during the same period in 2023.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

	September 30, 2023	December 31, 2022	Change
Total assets	\$ 6,059	\$ 6,383	\$ (324)
Total liabilities	4,274	4,616	(342)
Total equity	1,785	1,767	18

For the nine months ended September 30, 2023, total assets decreased \$324 million primarily due to:

- a \$72 million net decrease in trade and relocation receivables primarily due to timing;
- a \$67 million net decrease in franchise agreements and other amortizable intangible assets primarily due to amortization;
- a \$63 million decrease in cash and cash equivalents as discussed below under the header "Cash Flows";
- a \$63 million net decrease in other current and non-current assets primarily due to a decrease in prepaid independent sales agent incentives;
- a \$33 million decrease in property and equipment; and
- a \$31 million net decrease in operating lease assets.

Total liabilities decreased \$342 million primarily due to:

- a \$289 million net decrease in corporate debt primarily related to a net decrease due to the exchange of approximately \$298 million of our 5.75% Senior Notes and approximately \$503 million of our 5.25% Senior Notes for \$640 million of 7.00% Senior Secured Second Lien Notes in the debt exchange transactions in the third quarter of 2023. In addition, corporate debt decreased due to repurchase of \$26 million of our 5.75% Senior Notes and \$40

million of our 5.25% Senior Notes through open market purchases in the third quarter of 2023, as well as \$50 million lower borrowings under the Revolving Credit Facility as of September 30, 2023;

- a \$32 million decrease in operating lease liabilities;
- a \$29 million decrease in other non-current liabilities; and
- a \$28 million decrease in deferred tax liabilities,

partially offset by:

- a \$29 million net increase in accounts payable and accrued expenses and other current liabilities; and
- a \$7 million increase in securitization obligations.

Total equity increased \$18 million due to net income of \$10 million and an \$8 million increase in additional paid in capital related to the Company's stock-based compensation activity for the nine months ended September 30, 2023.

Liquidity and Capital Resources

Cash flows from operations and distributions from our unconsolidated joint ventures, supplemented by funds available under our Revolving Credit Facility and Apple Ridge securitization facility, are our primary sources of liquidity.

Our primary uses of liquidity include working capital, business investment and capital expenditures, as well as debt service. We have used and may also use future cash flows to repurchase or redeem outstanding indebtedness and to acquire stock under our share repurchase program.

Business investments may include investments in strategic initiatives, including our existing or future joint ventures, products and services that are designed to simplify the home sale and purchase transaction, independent sales agent recruitment and retention, and franchisee system growth and acquisitions.

Debt service includes contractual amortization and interest payments.

From time to time, we seek to repay, refinance or restructure all or a portion of our debt or to repurchase our outstanding debt through, as applicable, tender offers, exchange offers, open market purchases, privately negotiated transactions or otherwise. Such transactions, if any, will depend on a number of factors, including prevailing market conditions, our liquidity requirements and contractual requirements (including compliance with the terms of our debt agreements), among other factors.

During the third quarter of 2023, we completed debt exchange transactions pursuant to which we issued \$640 million of 7.00% Senior Secured Second Lien Notes due 2030 in exchange for \$298 million of our 5.75% Senior Notes due 2029 and \$503 million of our 5.25% Senior Notes due 2030. In addition, following expiration of the Exchange Offers, we repurchased \$26 million of our 5.75% Senior Notes and \$40 million of our 5.25% Senior Notes in open market purchases at an aggregate purchase price of \$48 million, plus accrued interest to the respective repurchase dates. See Note 5, "Short and Long-Term Debt", to the Condensed Consolidated Financial Statements for additional information on these transactions.

On October 6, 2023, we announced the terms of a settlement agreement the Company has entered into to settle all claims asserted against it or that could have been asserted against it in the *Burnett and Moehrl* antitrust class action litigation. Under the terms of the proposed nationwide settlement, which is subject to both preliminary and final court approval, we agreed to provide monetary relief of \$83.5 million as well as injunctive relief. We do not expect the terms of the proposed settlement to have a material impact on our results of operations, liquidity, or cash flows. See Note 7, "Commitments and Contingencies", to the Condensed Consolidated Financial Statements for more information.

Other than the debt exchange transactions, open market repurchases and legal settlement discussed above, our material cash requirements from known contractual and other obligations as of September 30, 2023 have not changed materially from the amounts reported in our 2022 Form 10-K.

Other material factors that may impact our liquidity, include, but are not limited to, the following:

Market and Macroeconomic Conditions. Our earnings have significantly decreased over the past twelve months. This decline has been driven by the rapid downturn in the residential real estate market and has resulted in a substantial increase in our net debt leverage ratio. If the residential real estate market or the economy as a whole does not improve or further weakens, our business, financial condition and liquidity are likely to continue to be adversely affected. In particular, we may

experience higher leverage as a result of lower earnings and/or increased borrowing under our Revolving Credit Facility, and our ability to access capital, grow our business and return capital to stockholders may be adversely impacted.

Material Litigation. We are a party to certain material litigation, including with respect to antitrust matters and compliance with the TCPA, as described in Note 7, "Commitments and Contingencies—Litigation", to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report. We dispute the allegations against the Company in each of these matters, believe we have substantial defenses against plaintiffs' claims and are vigorously defending these actions, however it is not feasible to predict the ultimate outcome of litigation. Adverse outcomes in these matters, or the failure to obtain preliminary and final approval of the legal settlement discussed above, could have a material adverse affect, individually or in the aggregate, on our business, results of operations and financial condition, in particular with respect to liquidity.

Seasonality. Historically, operating results and revenues for all of our businesses have been strongest in the second and third quarters of the calendar year. A significant portion of the expenses we incur in our real estate brokerage operations are related to marketing activities and commissions and therefore, are variable. However, many of our other expenses, such as interest payments, facilities costs and certain personnel-related costs, are fixed and cannot be reduced during the seasonal fluctuations in the business. Consequently, our need to borrow under the Revolving Credit Facility and corresponding debt balances are generally at their highest levels at or around the end of the first quarter of every year but a continued downturn in the residential real estate market or other factors impacting our liquidity could require us to incur additional borrowings under the Revolving Credit Facility.

We believe that we will continue to meet our cash flow needs during the next twelve months through the sources outlined above. We may seek additional debt financing to fund growth, increase liquidity or refinance or restructure our existing indebtedness, but we cannot provide assurance that such financing will be available on favorable terms, or at all. To the extent our liquidity is insufficient to meet our needs, we may also conduct private or public offerings of debt or our common stock or dispose of certain assets.

Cash Flows

At September 30, 2023, we had \$158 million of cash, cash equivalents and restricted cash, a decrease of \$60 million compared to the balance of \$218 million at December 31, 2022. The following table summarizes our cash flows for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30,		
	2023	2022	Change
Cash provided by (used in):			
Operating activities	\$ 125	\$ (71)	\$ 196
Investing activities	(39)	(25)	(14)
Financing activities	(146)	(367)	221
Effects of change in exchange rates on cash, cash equivalents and restricted cash	—	(3)	3
Net change in cash, cash equivalents and restricted cash	<u>\$ (60)</u>	<u>\$ (466)</u>	<u>\$ 406</u>

For the nine months ended September 30, 2023, \$196 million more cash was provided by operating activities compared to the same period in 2022 principally due to:

- \$227 million more cash provided by the net change in relocation and trade receivables due to timing;
 - \$151 million less cash used for accounts payable, accrued expenses and other liabilities primarily related to the payment of higher employee incentive compensation in the first quarter of 2022;
 - \$121 million less cash used for other assets primarily due to independent sales agent recruitment and retention and franchise system growth incentives in 2022; and
 - \$9 million less cash used for other operating activities,
- partially offset by \$313 million more cash used in operating results.

For the nine months ended September 30, 2023, \$14 million more cash was used in investing activities compared to the same period in 2022 primarily due to:

- \$55 million less cash proceeds from the sale of business primarily related to the sale of the Title Underwriter in the first quarter of 2022;

- \$16 million less cash from other investing activities primarily related to the absence in 2023 of the \$12 million dividend received from the Title Insurance Underwriter Joint Venture during the first quarter of 2022; and
- \$7 million less cash proceeds received from investments,

partially offset by:

- \$31 million less cash used for property and equipment additions;
- \$17 million less cash used for investments; and
- \$16 million less cash used for acquisitions.

For the nine months ended September 30, 2023, \$146 million of cash was used in financing activities compared to \$367 million of cash used in financing activities during the same period in 2022. For the nine months ended September 30, 2023, \$146 million of cash was used in financing activities as follows:

- \$63 million of cash paid as a result of net cash paid related to debt exchange transactions and open market purchases in the third quarter of 2023;
- \$50 million repayment of borrowings under the Revolving Credit Facility;
- \$25 million of other financing payments primarily related to finance leases and contracts; and
- \$11 million of quarterly amortization payments on the term loan facilities,

partially offset by \$7 million net increase in securitization borrowings.

For the nine months ended September 30, 2022, \$367 million of cash was used in financing activities as follows:

- \$269 million of net cash paid as a result of the issuance of 5.25% Senior Notes and redemption of both the 9.375% Senior Notes and 7.625% Senior Secured Second Lien Notes in the first quarter of 2022, and the repurchases of \$67 million in principal amount of our 4.875% Senior Notes through open market purchases in the second and third quarters of 2022;
- \$97 million for the repurchase of our common stock;
- \$29 million of other financing payments primarily related to finance leases and contracts;
- \$16 million of tax payments related to net share settlement for stock-based compensation; and
- \$7 million of quarterly amortization payments on the term loan facilities,

partially offset by \$51 million net increase in securitization borrowings.

Financial Obligations

See Note 5, "Short and Long-Term Debt", to the Condensed Consolidated Financial Statements, for information on the Company's indebtedness as of September 30, 2023.

LIBOR Transition

The cessation date for submission and publication of U.S. dollar LIBOR was mid-2023. LIBOR was replaced in the U.S. with a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities: the Secured Overnight Financing Rate, or "SOFR."

Pursuant to the July 2022 Amendment to the Senior Secured Credit Facility and the May 2023 amendment to the Term Loan A Agreement, we replaced LIBOR with a term SOFR-based rate plus a 10 basis point SOFR credit spread adjustment as the applicable benchmark for the Revolving Credit Facility and Term Loan A Facility, respectively. SOFR will likely not replicate LIBOR exactly and if future rates based upon SOFR are higher than LIBOR rates as currently determined, it could result in an increase in the cost of our variable rate indebtedness and may have an adverse effect on our financial condition and results of operations.

Our primary interest rate exposure is interest rate fluctuations due to the impact on our variable rate borrowings under the Senior Secured Credit Facility (for our Revolving Credit Facility) and the Term Loan A Facility.

Covenants under the Senior Secured Credit Facility, Term Loan A Facility and Indentures; Events of Default

The Senior Secured Credit Agreement, Term Loan A Agreement, and the indentures governing the Unsecured Notes and 7.00% Senior Secured Second Lien Notes contain various covenants that limit (subject to certain exceptions) Anywhere Group's ability to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends or make distributions to Anywhere Group's stockholders, including Anywhere;
- repurchase or redeem capital stock;
- make loans, investments or acquisitions;
- incur restrictions on the ability of certain of Anywhere Group's subsidiaries to pay dividends or to make other payments to Anywhere Group;
- enter into transactions with affiliates;
- create liens;
- merge or consolidate with other companies or transfer all or substantially all of Anywhere Group's and its material subsidiaries' assets;
- transfer or sell assets, including capital stock of subsidiaries; and
- prepay, redeem or repurchase subordinated indebtedness.

As a result of the covenants to which we remain subject, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, the Senior Secured Credit Agreement and Term Loan A Agreement require us to maintain a senior secured leverage ratio.

Senior Secured Leverage Ratio applicable to our Senior Secured Credit Facility and Term Loan A Facility

The senior secured leverage ratio is tested quarterly and may not exceed 4.75 to 1.00. The senior secured leverage ratio is measured by dividing Anywhere Group's total senior secured net debt by the trailing four quarters EBITDA calculated on a Pro Forma Basis, as those terms are defined in the Senior Secured Credit Agreement. Total senior secured net debt does not include the 7.00% Senior Secured Second Lien Notes, our unsecured indebtedness, including the Unsecured Notes and Exchangeable Senior Notes, or the securitization obligations. EBITDA calculated on a Pro Forma Basis, as defined in the Senior Secured Credit Agreement, includes adjustments for restructuring, retention and disposition costs, former parent legacy cost (benefit) items, net, loss (gain) on the early extinguishment of debt, stock-based compensation expense, non-cash charges, extraordinary, nonrecurring or unusual items and incremental securitization interest costs, as well as pro forma cost savings for restructuring initiatives, the pro forma effect of business optimization initiatives and the pro forma effect of acquisitions and new franchisees, in each case calculated as of the beginning of the trailing four-quarter period. The Company was in compliance with the senior secured leverage ratio covenant at September 30, 2023.

Events of Default

Certain events would constitute an event of default under the Senior Secured Credit Facility or Term Loan A Facility as well as the indentures governing the 7.00% Senior Secured Second Lien Notes, Unsecured Notes and Exchangeable Senior Notes. Such events of default include, without limitation, nonpayment of principal or interest, insolvency, bankruptcy, certain material judgments, change of control, and cross-events of default on material indebtedness as well as, under the Senior Secured Credit Facility and Term Loan A Facility, material misrepresentations, failure to comply with the senior secured leverage ratio covenant and failure to obtain an unqualified audit opinion by 90 days after the end of any fiscal year. If such an event of default were to occur and the Company failed to obtain a waiver from the applicable lenders or holders of the 7.00% Senior Secured Second Lien Notes, Unsecured Notes or Exchangeable Senior Notes, our financial condition, results of operations and business would be materially adversely affected.

Non-GAAP Financial Measures

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of "non-GAAP financial measures," such as Operating EBITDA. These measures are derived on the basis of methodologies other than in accordance with GAAP.

Operating EBITDA is defined by us as net income (loss) before depreciation and amortization, interest expense, net (other than relocation services interest for securitization assets and securitization obligations), income taxes, and other items

that are not core to the operating activities of the Company such as restructuring charges, former parent legacy items, gains or losses on the early extinguishment of debt, impairments, gains or losses on discontinued operations and gains or losses on the sale of businesses, investments or other assets. Operating EBITDA is our primary non-GAAP measure.

We present Operating EBITDA because we believe it is useful as a supplemental measure in evaluating the performance of our operating businesses and provides greater transparency into our results of operations. Our management, including our chief operating decision maker, uses Operating EBITDA as a factor in evaluating the performance of our business. Operating EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations data prepared in accordance with GAAP.

We believe Operating EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest expense), taxation, the age and book depreciation of facilities (affecting relative depreciation expense) and the amortization of intangibles, as well as other items that are not core to the operating activities of the Company such as restructuring charges, gains or losses on the early extinguishment of debt, former parent legacy items, impairments, gains or losses on discontinued operations and gains or losses on the sale of businesses, investments or other assets, which may vary for different companies for reasons unrelated to operating performance. We further believe that Operating EBITDA is frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present an Operating EBITDA measure when reporting their results.

Operating EBITDA has limitations as an analytical tool, and you should not consider Operating EBITDA either in isolation or as a substitute for analyzing our results as reported under GAAP. Some of these limitations are:

- this measure does not reflect changes in, or cash required for, our working capital needs;
- this measure does not reflect our interest expense (except for interest related to our securitization obligations), or the cash requirements necessary to service interest or principal payments on our debt;
- this measure does not reflect our income tax expense or the cash requirements to pay our taxes;
- this measure does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often require replacement in the future, and this measure does not reflect any cash requirements for such replacements; and
- other companies may calculate this measure differently so they may not be comparable.

Critical Accounting Estimates

In presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our combined results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2022, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results.

Impairment of goodwill and other indefinite-lived intangible assets

Goodwill and other indefinite-lived intangible assets are subject to an impairment assessment annually as of October 1, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment assessment involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. Although management believes that assumptions are reasonable, actual results may vary significantly.

Furthermore, significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in use of the assets, a decrease in our business results, growth rates that fall below our

assumptions, divestitures, and a sustained decline in our stock price and market capitalization may have a negative effect on the fair values and key valuation assumptions. Such changes could result in changes to our estimates of our fair value and a material impairment of goodwill or other indefinite-lived intangible assets. To address this uncertainty, a sensitivity analysis is performed on key estimates and assumptions.

During the fourth quarter of 2023, the Company will assess our identified reporting units to ensure that any changes to our organization, including segment management, are properly reflected in our evaluation of goodwill. If changes to our reporting units for goodwill evaluation are required, the Company will reallocate our goodwill based upon the relative fair value of each impacted reporting unit. We do not anticipate a change to our Reportable Segments.

Recently Issued Accounting Pronouncements

See Note 1, "Basis of Presentation", to the Condensed Consolidated Financial Statements for a discussion of recently issued FASB accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

We are exposed to market risk from changes in interest rates primarily through our senior secured debt. At September 30, 2023, our primary interest rate exposure was to interest rate fluctuations, specifically SOFR, due to its impact on our borrowings under the Revolving Credit Facility and Term Loan A Facility. We do not have significant exposure to foreign currency risk nor do we expect to have significant exposure to foreign currency risk in the foreseeable future.

We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on earnings, fair values and cash flows based on a hypothetical change (increase and decrease) in interest rates. We exclude the fair values of relocation receivables and advances and securitization borrowings from our sensitivity analysis because we believe the interest rate risk on these assets and liabilities is mitigated as the rate we earn on relocation receivables and advances and the rate we incur on our securitization borrowings are based on similar variable indices.

In May 2023, we entered into an amendment to the Term Loan Agreement which replaced LIBOR with a Term SOFR-based rate as the applicable benchmark for the Term Loan A Facility (the applicable margin for the Term Loan A Facility remained the same, but the Term SOFR-based rate includes a 10 basis points credit spread adjustment).

At September 30, 2023, we had variable interest rate debt outstanding under our Revolving Credit Facility and Term Loan A Facility of \$511 million. The weighted average interest rate on the outstanding amounts under our Revolving Credit Facility and Term Loan A Facility at September 30, 2023 was 7.17%. The interest rate with respect to the Revolving Credit Facility and Term Loan A Facility is based on a term SOFR-based rate including a 10 basis point credit spread adjustment plus an additional margin subject to adjustment based on the current senior secured leverage ratio. Based on the September 30, 2023 senior secured leverage ratio, the margin was 1.75%. At September 30, 2023, the one-month SOFR was 5.32%; therefore, we have estimated that a 0.25% increase in SOFR would have an approximately \$1 million impact on our annual interest expense.

Item 4. Controls and Procedures.

Controls and Procedures for Anywhere Real Estate Inc.

- (a) Anywhere Real Estate Inc. ("Anywhere") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Anywhere's management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.
- (b) As of the end of the period covered by this quarterly report on Form 10-Q, Anywhere has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Anywhere's disclosure controls and procedures are effective at the "reasonable assurance" level.

- (c) There has not been any change in Anywhere's internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Controls and Procedures for Anywhere Group LLC

- (a) Anywhere Real Estate Group LLC ("Anywhere Group") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Anywhere Group's management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.
- (b) As of the end of the period covered by this quarterly report on Form 10-Q, Anywhere Group has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Anywhere Group's disclosure controls and procedures are effective at the "reasonable assurance" level.
- (c) There has not been any change in Anywhere Group's internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Other Financial Information

The Condensed Consolidated Financial Statements as of September 30, 2023 and for the three and nine-month periods ended September 30, 2023 and 2022 have been reviewed by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their reports, dated November 2, 2023, are included on pages 5 and 6. The reports of PricewaterhouseCoopers LLP state that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Securities Act.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 7, "Commitments and Contingencies—Litigation", to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments" for additional information on the Company's legal proceedings.

Litigation, investigations, claims and regulatory proceedings against other participants in the residential real estate industry or relocation industry—or against companies in other industries—may impact the Company and its affiliated franchisees when the rulings or settlements in those cases cover practices common to the broader industry or business community (such as in the areas of worker classification and antitrust and competition, among others) and may generate litigation or investigations for the Company.

Item 1A. Risk Factors.

The ongoing industry antitrust class action litigation could materially adversely impact the structure of the industry and financial results of the Company.

The ongoing industry antitrust class action litigation (including any injunctive relief, appeals or settlements), either alone or in combination with related regulatory or governmental actions, or any resulting changes to competitive dynamics or consumer preferences, could materially adversely impact the structure of the industry, including by changing the broker commission structure, and financial results of the Company as well as other industry participants, including meaningful decreases in the average broker commission rate (including the average buy-side commission rate).

There can be no assurances as to whether the DOJ or FTC, their state counterparts, state or federal courts, or other governmental body will determine that any industry practices or developments have an anti-competitive effect on the industry or are otherwise proscribed. Any such determination could result in industry investigations, enforcement actions, changes in legislation, regulations, interpretations or regulatory guidance or other legislative or regulatory action or other actions, any of which could have the potential to result in additional limitations or restrictions on our business, cause material disruption to our business, result in judgments, settlements, penalties or fines (which may be material), or otherwise adversely affect us.

There can be no assurance that we will be able to obtain preliminary and final approval of the Anywhere Settlement.

In addition, meaningful changes in industry operations or structure, as a result of any of the foregoing could have a material adverse effect on our operations, revenues, earnings and financial results.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

During the three months ended September 30, 2023, there were no Rule 10b5-1 plans or non-Rule 10b5-1 trading arrangements adopted, modified or terminated by any director or officer of the Company.

Item 6. Exhibits.

Exhibit Description

- 4.1 [Indenture, dated as of August 24, 2023, by and among the Anywhere Real Estate Group LLC, Anywhere Co-Issuer Corp., Anywhere Real Estate Inc., Anywhere Intermediate Holdings LLC, the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent \(Incorporated by reference to Exhibit 4.1 to Registrants' Current Report on Form 8-K filed on August 25, 2023\)](#)
- 4.2 [Form of 7.000% Second Lien Senior Secured Notes due 2030 \(Included as Exhibit A to Exhibit 4.1 to Registrants' Current Report on Form 8-K filed on August 25, 2023\)](#)
- 10.1 [First Lien/Second Lien Intercreditor Agreement, dated as of August 24, 2023, by and among the Issuer and each of the other loan parties from time to time party thereto, JPMorgan Chase Bank, N.A., as the Initial First Lien Priority Representative, the Collateral Agent, as the Initial Second Lien Priority Representative, and each additional First Lien Priority Representative and additional Second Lien Priority Representative from time to time party thereto \(Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on August 25, 2023\)](#)
- 10.2 [Collateral Agreement, dated as of August 24, 2023, among the Issuers, Intermediate Holdings, and the Subsidiary Guarantors, as Grantors, and The Bank of New York Mellon Trust Company, N.A., as the Collateral Agent \(Incorporated by reference to Exhibit 10.2 to Registrants' Current Report on Form 8-K filed on August 25, 2023\)](#)
- 15.1* [Letter Regarding Unaudited Interim Financial Statements.](#)
- 31.1* [Certification of the Chief Executive Officer of Anywhere Real Estate Inc. pursuant to Rules 13\(a\)-14\(a\) and 15\(d\)-14\(a\) promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 31.2* [Certification of the Chief Financial Officer of Anywhere Real Estate Inc. pursuant to Rules 13\(a\)-14\(a\) and 15\(d\)-14\(a\) promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 31.3* [Certification of the Chief Executive Officer of Anywhere Real Estate Group LLC pursuant to Rules 13\(a\)-14\(a\) and 15\(d\)-14\(a\) promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 31.4* [Certification of the Chief Financial Officer of Anywhere Real Estate Group LLC pursuant to Rules 13\(a\)-14\(a\) and 15\(d\)-14\(a\) promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 32.1* [Certification for Anywhere Real Estate Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2* [Certification for Anywhere Real Estate Group LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial information from Anywhere's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in iXBRL (Inline eXtensible Business Reporting Language) includes: (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANYWHERE REAL ESTATE INC.
and
ANYWHERE REAL ESTATE GROUP LLC
(Registrants)

Date: November 2, 2023

/S/ CHARLOTTE C. SIMONELLI
Charlotte C. Simonelli
Executive Vice President and
Chief Financial Officer

Date: November 2, 2023

/S/ TIMOTHY B. GUSTAVSON
Timothy B. Gustavson
Senior Vice President,
Chief Accounting Officer and
Controller

November 2, 2023

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated November 2, 2023 on our review of interim financial statements of Anywhere Real Estate Inc., which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-8 dated October 12, 2012 (No. 333-184383), May 5, 2016 (No. 333 - 211160), October 23, 2017 (No. 333 - 221080), May 2, 2018 (No. 333-224609), May 5, 2021 (No. 333-255779) and May 3, 2023 (No. 333-271615) of Anywhere Real Estate Inc.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

CERTIFICATION

I, Ryan M. Schneider, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anywhere Real Estate Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ RYAN M. SCHNEIDER
CHIEF EXECUTIVE OFFICER

CERTIFICATION

I, Charlotte C. Simonelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anywhere Real Estate Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ CHARLOTTE C. SIMONELLI
CHIEF FINANCIAL OFFICER

CERTIFICATION

I, Ryan M. Schneider, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anywhere Real Estate Group LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ RYAN M. SCHNEIDER
CHIEF EXECUTIVE OFFICER

CERTIFICATION

I, Charlotte C. Simonelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anywhere Real Estate Group LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ CHARLOTTE C. SIMONELLI
CHIEF FINANCIAL OFFICER

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Anywhere Real Estate Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Ryan M. Schneider, as Chief Executive Officer of the Company, and Charlotte C. Simonelli, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002 be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ RYAN M. SCHNEIDER

RYAN M. SCHNEIDER
CHIEF EXECUTIVE OFFICER
November 2, 2023

/s/ CHARLOTTE C. SIMONELLI

CHARLOTTE C. SIMONELLI
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
November 2, 2023

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Anywhere Real Estate Group LLC (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Ryan M. Schneider, as Chief Executive Officer of the Company, and Charlotte C. Simonelli, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002 be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ RYAN M. SCHNEIDER

RYAN M. SCHNEIDER
CHIEF EXECUTIVE OFFICER
November 2, 2023

/s/ CHARLOTTE C. SIMONELLI

CHARLOTTE C. SIMONELLI
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
November 2, 2023