Risk Factors Comparison 2024-02-20 to 2023-02-24 Form: 10-K

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You should carefully consider each of the following risk factors and all of the other information set forth in this Annual Report. Based on the information currently known to us, we believe that the following information identifies the material risk factors affecting our Company and our common stock. The events and consequences discussed in these risk factors could, in circumstances we may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, operating results, cash flows, liquidity, and stock price. Please be advised that past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in the future. Risks Related to Macroeconomic Conditions The residential real estate market is cyclical and we are negatively impacted by downturns and disruptions in this market. The residential real estate market tends to be cyclical and typically is affected by changes in general economic and residential real estate conditions which are beyond our control. The significant declines experienced in **the** U. S. residential real estate market ~~in~~ **since mid-** 2022 **have materially** negatively impacted our ~~2022~~ financial results ~~and third parties, including Fannie Mae and NAR, forecast continued declines in 2023~~ . If the residential real estate market does not improve **or worsens** , our business, financial condition and liquidity may be materially adversely affected, including our ability to access capital and grow our business ~~and~~ **, invest in strategic initiatives, reduce indebtedness,** return capital to stockholders **and motivate, attract and retain our employees** . Any of the following factors related to the real estate industry could negatively impact the housing market and have a material adverse effect on our business by causing a lack of improvement or a decline in the number of homesales and / or stagnant or declining home prices, which in turn, could adversely affect our revenues and profitability: • ~~increases in mortgage rates or inflation, or~~ prolonged periods of a high mortgage rate environment; • **high rates of inflation; •** a reduction in the affordability of homes **, including but not limited to rising or high mortgage rates, the impact of increasing home prices and wage increases not keeping pace with inflation** ; • declines in consumer demand ; • insufficient or excessive home inventory...... lower unit sales at Owned Brokerage Group ; • homeowners retaining their homes for longer periods of time as a result of the high mortgage rate environment, **resulting in** inventory shortages in new and existing housing ;• insufficient or excessive home inventory levels by market or price point;• decreasing consumer confidence in the economy and / or the residential real estate market;• an increase in potential homebuyers with low credit ratings or inability to afford down payments;• stringent mortgage standards,reduced availability of mortgage financing or increasing down payment requirements or other mortgage challenges;• an increase in foreclosure activity;• legislative or regulatory changes (including changes in regulatory interpretations or enforcement practices) that would adversely impact the residential real estate market,including changes relating to **the brokerage commission structure and** RESPA;• federal,state and / or local income tax changes and other tax reform affecting real estate and / or real estate transactions;• decelerated or lack of building of new housing ~~for homesales or increased building or~~ **for** ~~otherwise~~ **homesales or increased building of new rental properties; • irregular timing of new development closings leading to lower unit sales at Owned Brokerage Group** ; and • a decline in home ownership levels in the U. S., including as a result of **: ◦ lack of** affordability ~~or~~ **; ◦ increased expenses associated with home ownership, including rising insurance costs that may result from more frequent and severe natural disasters and inclement weather; ◦** changing attitudes towards home ownership, particularly among potential first- time homebuyers who may delay, or decide not to, purchase a home ~~,~~ **; ◦** limits on the proclivity of home owners to purchase an alternative home ~~,~~ **;** or **◦** changes in preferences to rent versus purchase a home. Adverse developments in general business and economic conditions could have a material adverse effect on our financial condition and our results of operations. Our business and operations and those of our franchisees are sensitive to general business and economic conditions in the U. S. and worldwide. Contraction in the U. S. economy, including the impact of recessions, slow economic growth, or a deterioration in other economic factors such as potential consumer, business or governmental defaults or delinquencies, could have a material adverse impact on our business, financial condition and results of operations. A deterioration in economic factors that particularly impact the residential real estate market and the business segments in which we operate, whether broadly or by geography and price segments **,** have and could continue to have an adverse effect on our results of operations and financial results, which may be material. These factors include, but are not limited to: short- term and long- term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, rate of wage growth, consumer confidence, rate of economic growth or contraction, U. S. fiscal policy (including government spending and tax reform) and related matters (such as debt ceiling negotiations), and the general condition of the U. S. and the world economy. The residential real estate market also depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic environment. Weak capital, credit and financial markets, instability of financial institutions, and / or the lack of available credit or lack of confidence in the financial sector could materially and adversely affect our business, financial condition and results of operations. A host of factors beyond our control could cause fluctuations in these conditions, including the political environment, U. S. immigration policies, disruptions in a major geoeconomic region (such as Russia' s invasion of Ukraine **and the conflict in the Middle East**), changes in equity or commodity markets, acts or threats of war or terrorism or sustained pervasive civil unrest, other geopolitical or economic instability or pandemics and natural disasters (such as the COVID- 19 crisis) **which could result in market instability** , **supply chain disruptions and affect the global or US economy, and** any of ~~which~~ **the factors above** could have a material adverse effect on our business, financial condition and results of operations. **Increasing mortgage rates** ~~Monetary policies of the federal government and its agencies may~~ have ~~a material adverse impact on our operations~~ **resulted, and may continue to result, in**

declines in homesale transactions as well as declines in title, mortgage and refinancing activity . Our business is significantly affected by the monetary policies of the federal government and its agencies. We are particularly affected by the policies of the U. S. Federal Reserve Board. These policies regulate the supply of money and credit in the U. S. and impact the real estate market through their effect on interest rates (and mortgage rates) as well as the cost of our interest- bearing liabilities. The U. S. Federal Reserve Board took aggressive action intended to ~~try to~~ control inflation in 2022 **and 2023** , including raising the target federal funds rate and reducing its holdings of mortgage- backed securities ~~and has indicated its expectation to continue to pursue these strategies in 2023~~ . Rising interest rates generally contribute to rising mortgage rates, which **can lead** ~~could further contribute~~ to declines in residential real estate homesale transaction volume **(as evidenced by the significant volume declines in the past two years)** , or to homebuilders discontinuing or delaying new projects, which could further contribute to inventory constraints ~~. Changes in~~ **and to inventory shortages as homeowners retain** ~~the~~ **their homes for longer periods due** ~~Federal Reserve Board' s policies, the interest rate environment, and the mortgage market are beyond our control, are difficult~~ to **high** ~~predict, and could have a material adverse effect on our business, results of operations and financial condition. Increasing~~ mortgage rates ~~have resulted, and may continue to result, in declines in homesale transactions as well as title, mortgage and refinancing activity~~ . The rising interest rate environment has negatively impacted and **, until the interest rate environment improves,** is expected to continue to negatively impact multiple aspects of our business, as increases in mortgage rates (as well as prolonged periods of high mortgage rates) generally have an adverse impact on homesale transaction volume, housing affordability, and title, mortgage and refinancing volumes. We believe the high mortgage rate environment is a key contributor to declines in residential real estate 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. If existing homesale transactions continue to **be at depressed levels or** decline **further** (due to ~~increases in~~ **the high** mortgage ~~rates~~ **rate environment** or otherwise), we would also expect to continue to experience decreased title, mortgage origination and refinancing activity. The imposition of more stringent mortgage underwriting standards (due to changes in policy or otherwise) or a reduction in the availability of alternative mortgage products could also reduce homebuyers' ability to access the credit markets on reasonable terms and adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes. **Changes in the Federal Reserve Board' s policies, the interest rate environment, and the mortgage market are beyond our control, are difficult to predict, and could have a material adverse effect on our business, results of operations and financial condition.** A significant decline in the number of homesale transactions or title, mortgage and refinancing activity due to any of the foregoing would adversely affect our financial and operating results, which may be material. Meaningful decreases in ~~the~~ average homesale brokerage commission rate **, including as a result of industry structure changes, have and could continue to negatively affect, or could increasingly negatively affect, our financial results. Industry structure changes that disrupt the functioning of the residential real estate market, particularly with respect to the manner in which broker commissions are communicated, negotiated and paid,** could materially adversely affect our **operations and** financial results. **In connection with pending litigation, and in particular, injunctive relief that may result from such litigation, there may be significant changes in current practices, such as significant restrictions or bans on offers of compensation by the seller or listing agent to the buy- side agent, could result in meaningful decreases in the average broker commission rate, in the average buy- side commission rate or in the share of commission income received by us and our franchisees. Industry structure changes could also include a reduction in the percentage of home buyers or home sellers using an agent or broker in their homesale transactions. Such industry changes could materially adversely impact the financial results of the Company as well as other industry participants, including meaningful decreases in the average broker commission rate, the average buy- side commission rate or the share of commission income received by us and our franchisees. Such industry structure changes could arise from litigation and injunctive relief, regulatory or governmental actions, market forces, changing competitive dynamics or consumer preferences, locally or industry- wide. Other industry structure changes could include, among others, the manner in which listings are displayed, how homes for sale are shown to potential buyers, how leads are shared with independent sales agents, how homesale transactions are packaged or bundled with financing or other products or services, and a reduction in the reliance on traditional brokers and agents, for example, with homeowners increasingly listing and selling, or buyers increasingly buying searching and purchasing homes, without contracting with traditional real estate brokerages for services. In addition, through our subsidiaries, employees and / or affiliated agents, we are a participant in many MLSs and a member- owner of certain non- NAR controlled MLSs. Our affiliated agents may be members of NAR and respective state realtor associations. Changes to the rules and policies of these organizations may arise due to shifts in internal policy, including as a result of membership changes and the entry of new industry participants, regulatory developments, or litigation or other legal or governmental enforcement action, and such changes may also impact industry structure (see the risk factor captioned " — Industry structure changes that prohibit, restrict or adversely alter policies, practices, rules or regulations governing the functioning of the residential real estate market could materially adversely affect our operations and financial results ").** There are a variety of **other** factors that could contribute to declines in the average homesale broker commission rate, including ~~regulation, litigation (including pending litigation described elsewhere in this Annual Report),~~ the rise of certain competitive brokerage or non- traditional competitor models, an increase in the popularity of discount brokers or other utilization of flat fees, rebates or lower commission rates on transactions as well as other competitive factors. Average homesale price and geographic mix have and could continue to contribute to declines in the average homesale broker commission rate, as higher priced homes tend to have a lower broker commission rate. The average homesale broker commission rate for a homesale transaction is a key ~~driver for both Owned~~ **determinant of our profitability in our** Brokerage Group and Franchise Group. Meaningful reductions in the average broker commission rate could materially adversely affect our revenues, earnings and financial results **.Continued**

erosion of our share of the commission income generated by homesale transactions could continue to negatively affect our profitability.Intense industry competition for agents combined with our strategic emphasis on the recruitment and retention of independent sales agents has ~~placed~~ and is expected to continue to ~~place~~ **put** upward pressure on our ~~agent~~ commission expense.This trend has negatively impacted and could continue to negatively impact our profitability.Other market factors,including,but not limited to,competitors with access to outside capital that pursue increases in market share over profitability,models that operate at lower margins,including virtual brokerages and brokerages that operate in a more virtual fashion or reduced cost platforms,and listing aggregator concentration ~~,~~ **and** market power **is** ~~and expansion into new ancillary products and services and leveraging their market power to channel consumers into those products and services,are~~ expected to further erode our share of ~~homesale brokerage~~ commission income.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 residential brokerages could continue to be adversely affected.Our franchisees face similar risks and continued downward pressure on the ~~share of homesale brokerage~~ commission income ~~retained~~ **recognized** by our franchisees ~~(and not split with the independent sales agents)~~ could negatively impact **their** ~~our franchisees'~~ view of our value proposition **and** ~~.As a result,~~ we may fail to attract new franchisees,expiring franchisees may not renew their agreements with us,or we may be required to offer reduced royalty fee or increased incentive arrangements to new and existing franchisees **,all of which have occurred from time to time,and any of which would result in a further reduction in royalty or other fees paid to us** . Continued or accelerated declines in inventory may result in insufficient supply, which could continue to have a negative impact on homesale transaction sides and ancillary homesale services, including title and mortgage. 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. Insufficient inventory levels generally have a negative impact on homesale transaction sides and can contribute to a reduction in housing affordability, which could result in some potential home buyers deferring entry into the residential real estate market. Declines in homesale sides have also had a negative impact on ancillary homesale services, including title and mortgage. Additional inventory pressure arises from periods of slow or decelerated new housing construction, real estate models that purchase homes for rental use (rather than resale), and alternative competitors. We believe constraints in home inventory levels have contributed to a decline in homesale transaction sides and this factor may continue to have an adverse impact on the number of homesale transaction sides closed by Franchise and Owned Brokerage Groups (and on ancillary homesale services, including title and mortgage), which could materially adversely affect our revenues, earnings and financial results. Strategic and Operational Risks Our ability to **generate revenue and** grow earnings is significantly dependent upon our and our franchisees' ability to attract and retain productive independent sales agents and on our ability to attract and retain franchisees. If we and our franchisees, as applicable, are unable to successfully **maintain and** grow the base of productive independent sales agents **, independent sales agent teams, and other agent- facing talent** at our company owned and franchisee brokerages (or if we or they fail to replace departing successful sales agents with similarly productive sales agents) or if we are unable to grow our base of franchisees, we may be unable to maintain or grow revenues or earnings and our results of operations may be materially adversely affected. A variety of factors impact our ability to attract and retain independent sales agents and franchisees, including but not limited to, intense competition from other brokerages as well as companies employing technologies or alternative models intended to disrupt historical real estate brokerage models, such as ~~iBuying and~~ home swap models and other corporate- to- consumer models that minimize the role of agents; our ability to develop and deliver compelling products and services to independent sales agents and franchisees; our ability to generate high- quality leads to independent sales agents and franchisees; and our ability to adopt and implement commission plans (or pricing model structures) that are attractive to such agents (or such franchisees) **. Industry structure changes that reduce the percentage of home buyers or home sellers using an agent or broker in their homesale transactions or change the broker commission structure, which could arise from litigation and injunctive relief, regulatory or governmental actions, market forces, changing competitive dynamics or consumer preferences, locally or industry- wide, could also reduce the overall number of independent sales agents in the industry and further increase competition for productive independent sales agents** . Our franchisees face the same challenges with respect to productive sales agent recruitment and retention as well as other market pressures generally facing the industry (such as margin compression). When a franchisee is unable to maintain or grow their affiliated sales agent base, the homesale transaction volume generated by such franchisee is more likely to decline. Such declines have and could continue to result in a ~~declines~~ - **decline** in our royalty revenues, which could be material. In addition, franchisees have and may continue to seek lower royalty rates or higher incentives from us to moderate market pressures. Such pressures also induce certain franchisees to exit our franchisee system from time to time. If franchisees, in particular multiple larger franchisees, fail to renew their franchise agreements (or otherwise leave our franchise system), or if we induce franchisees to renew these agreements through lower royalty rates or higher incentives (as we have done from time to time), then our royalty revenues may decrease, and profitability may be lower than in the past. If we fail to successfully enhance our value proposition, we may fail to attract new or retain productive independent sales agents or franchisees, resulting in a reduction in commission income and royalty fees paid to us, which would have a material adverse effect on our results of operations. Even if we are successful in our recruitment and retention efforts, any additional revenue generated may not offset the related expenses we incur . Continued erosion of our share of...... royalty or other fees paid to us . We may not successfully develop or procure products, services and technology that support our strategic initiatives, which could have a material adverse effect on our results of operations. Our future success depends on our ability to continuously develop and improve, or procure, products, services, and technologies that are compelling to independent sales agents, franchisees and consumers (including consumers of our ancillary services businesses). We have expended and expect to continue to expend substantial time, capital, and other resources to identify the needs of our company owned brokerages, franchisees, independent sales agents and their customers and to develop product, service and technology offerings to meet their needs as well as those that will further complement our businesses. We will continue to prioritize certain offerings over others and our resource allocation decisions may cause us to fail to capitalize on opportunities that could later prove to have greater commercial potential. We may incur unforeseen expenses in the development or procurement of, or enhancements to, products, services and technology, or may experience competitive delays in introducing new offerings as quickly as we would like. We also rely on third parties for the provision or development of certain key products that we offer to affiliated independent sales agents and brokers. Delays or other issues with such products could have a negative impact on our recruitment and retention efforts, which may be material. In addition, the increasingly competitive industry for technology talent may impact our ability to attract and retain employees involved in developing our technology products and services. Furthermore, the investment and pace of technology development continue to accelerate across the industry, creating risk in the relative timing and attractiveness of our technology products and services, and there can be no assurance that the targeted end user will choose to use the products, services or technologies we may develop or that they will find such products, services and technologies compelling. We may be unable to maintain and scale the technology underlying our offerings, which could negatively impact the security and availability of our services and technologies. In addition, our competitors may develop or make available products, services or technologies that are preferred by agents, franchisees and / or consumers. Further, third parties utilizing our platform may not create tools that meet the needs of agents and franchisees in a timely or effective manner, or at all. In addition, we have made and may continue to make strategic investments in companies and joint ventures developing products, services and technologies that we believe will support our strategy and we may not realize the anticipated benefits from these investments or be able to recover our investments in such companies and joint ventures and such offerings may not become available to us or may become available to our competitors. Any of the foregoing could adversely affect our value proposition to affiliated agents and franchisees, the productivity of independent sales agents, our appeal to consumers, or our ability to capture increased economics associated with homesale transactions, which in turn could adversely affect our competitive position, business, financial condition and results of operations. We may not be able to generate a meaningful number of high- quality leads for affiliated independent sales agents and franchisees, which could materially adversely impact our revenues and profitability. A key component of our long- term strategy is focused on providing affiliated independent sales agents and franchisees with high- quality leads. We expect that significant time and effort and meaningful investment will be required to increase awareness of, and consumer participation in, **partner** programs ~~, partnerships~~ or products and services that are intended to aid in lead generation. Even if we are successful in these efforts, such **partner** programs ~~, partnerships~~ or products may not generate a meaningful number of high- quality leads, which could negatively impact our ability to recruit and retain independent sales agents and attract and retain new franchisees and could materially adversely affect our revenues and profitability, including as a result of the loss of downstream revenues at our franchise, brokerage and title businesses as well as our minority- owned mortgage origination and title insurance underwriter joint ventures. In addition, our lead generation business is highly regulated, subject to complex federal and state laws (including RESPA and similar state laws as well as state laws limiting or prohibiting inducements, cash rebates and gifts to consumers), and subject to changing economic and political influences **as well as industry structure changes** . A change in such laws, ~~or~~ **a** more restrictive interpretations of such laws by administrative, legislative or other governmental bodies, **or industry structure changes that may result in leads being less valuable** could have a material adverse effect on this business. We may be unable to ~~simplify and modernize our business in support of growth and strategic initiatives and~~ achieve or maintain cost savings and other benefits from our cost- saving initiatives **, including simplifying and modernizing our business** . We continue to engage in business optimization and cost- saving initiatives that focus on maximizing the efficiency and effectiveness of the cost structure of each of the Company' s businesses. These actions are designed to improve client service levels across each of the business units while enhancing the Company' s profitability and incremental margins. We may not be able to achieve these improvements in the efficiency and effectiveness of our operations or cost structure and, even if achieved, any cost- savings realized may not be sufficient to offset ongoing inflationary pressures, including those related to employees and leases, or to offset continued pressure from the increasing share of **homesale brokerage** commission income paid to affiliated independent sales agents **or other changes in industry structure** . In connection with our implementation of cost- savings, simplification and modernization initiatives we may experience disruptions in our business, including with respect to agent and franchisee recruitment and retention efforts and the diversion of a significant amount of management and employee time and focus. We also may incur greater costs than currently anticipated to achieve these savings and we may not be able to maintain these cost savings and other benefits in the future. Failure to improve the efficiency and effectiveness of our cost structure could have a material adverse effect on our competitive position (including with respect to the recruitment and retention of **franchisees and** production independent sales agents ~~and franchisees~~), business, financial condition, results of operations and cash flows. Our company **-** owned brokerage operations are subject to geographic and high- end real estate market risks, which could adversely affect our revenues and profitability. Owned Brokerage Group operates real estate brokerage offices located in and around large U. S. metropolitan areas where competition for independent sales agents and independent sales agent teams is particularly intense. Local and regional economic conditions in these locations at times differ materially from prevailing conditions in other parts of the country. For the year ended December 31, ~~2022~~ **2023** , Owned Brokerage Group realized approximately ~~23~~ **22** % of its revenues from California, 21 % from the New York metropolitan area and ~~13~~ **14** % from Florida, which in the aggregate totals approximately 57 % of its revenues. Downturns in the residential real estate market or economic conditions that are concentrated in these regions, or in other geographic concentration areas for us, result in declines in Owned Brokerage Group' s total gross commission income and profitability that are disproportionate to the downturn experienced throughout the U. S. In addition, given the significant geographic overlap of our title, escrow and settlement services business with our company owned brokerage offices, such regional declines affecting our company owned brokerage operations generally have a disproportionate adverse effect on our title, escrow and settlement services business and mortgage origination joint venture as well. These factors have negatively impacted, and could continue to negatively impact, our financial results and such impact could have a material adverse effect on our financial position. Owned Brokerage Group also has a significant concentration of transactions at the higher end of the U. S. real estate market and in high- tax states. Accordingly, the effects of certain state and local tax reform may have a deeper impact on our business. A shift in transactions from high- tax to low- tax states or in Owned Brokerage Group' s mix of property transactions from high range to lower and middle range homes would adversely affect the average price of Owned Brokerage Group' s closed homesales. Such a shift, absent an increase in transactions, would have an adverse effect on our operating results. Due to Owned Brokerage Group' s concentration in high- end real estate, its business may also be adversely impacted by capital controls imposed by foreign governments that restrict the amount of capital individual citizens may legally transfer out of their countries. In addition, Owned Brokerage Group continues to face heightened competition for both homesale transactions and high performing independent sales agents because of its prominent position in the higher end housing markets. Moreover, Owned Brokerage Group also has relationships with developers in select major cities (in particular, New York City) to provide marketing and brokerage services in new developments. The irregular volume and timing of new development closings may contribute to uneven financial results and deceleration in the building of new housing may result in lower unit sales in the new development market, which has had and could continue to have a material adverse effect on the revenue generated by Owned Brokerage Group and our profitability. The businesses in which we, our joint ventures, and our franchisees operate are intensely competitive **and we may not be able to effectively compete** . We face intense competition in the residential real estate services business, in particular with respect to productive independent sales agent recruitment and retention. Aggressive competition for the affiliation of independent sales agents continues to make recruitment and retention efforts at both Owned Brokerage Group and Franchise Group challenging, in particular with respect to more productive sales agents and in the densely populated metropolitan areas in which we operate. The competitive environment has had, and may continue to have, a negative impact on our market share and may continue to put pressure on our and our franchisees' operating margins and financial results. Competitive pressures for independent sales agents come from a variety of sources, including traditional brokerages as well as newer brokerage models, including discount brokerages, virtual brokerages (and other brokerages that offer the sales agent fewer services, but a higher percentage of commission income) as well as brokerages that provide certain services to agents and agent teams, but with branding focused on the name of the agent or agent team, rather than the brokerage brand. Increasingly, independent sales agents have affiliated with brokerages that offer a different mix of services to the agent, allowing the independent sales agent to select the services that they believe allow them to retain a greater percentage of the commission and purchase services from other vendors as needed. In addition, certain types of compensation that may be appealing to independent sales agents, such as equity awards, may not be available to us at a reasonable cost or at all. These competitive market factors also impact our franchisees and such 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 has and could continue to result in a reduction in royalty fees paid to us or other associated costs. We expect this highly competitive environment to continue and, accordingly, we and our affiliated franchisees may fail to attract and retain independent sales agents if we are unable to compete **in a profitable and effective manner** with a combination of continuously improved value ~~proposition~~ **propositions** and / or commission plans that appeal to a broad base of independent sales agents ~~in a profitable and effective manner~~ . If we or our franchisees fail to attract and retain ~~successful~~ **productive** independent sales agents or we or they fail to replace departing successful independent sales agents with similarly productive independent sales agents, the gross commission income generated by our company owned brokerages and franchises may decrease, which may have a material adverse impact on our business and financial results. Our franchise business is also highly competitive. Upon the expiration of a franchise agreement, a franchisee may choose to franchise with one of our competitors or operate as an independent broker. Competitors may offer franchisees whose franchise agreements are expiring or prospective franchisees products and services similar to ours at rates that are lower than we charge or a combination of products and services that are more attractive to the franchisee. We also face the risk that brokers may not enter into or renew franchise agreements with us for a variety of reasons, including because they believe they can compete effectively in the market without the need to license a brand of a franchisor and receive services offered by a franchisor, because competitive costs associated with agent recruitment makes affiliation with a brand economically challenging, or because they may believe that their business will be more attractive to a prospective purchaser without the existence of a franchise relationship. Additional competitive pressure is provided by regional and local franchisors as well as franchisors offering different franchise models or services. We expect that the trend of increasing incentives will continue in the future in order to attract, retain, and help grow certain franchisees. For example, to remain competitive in the sale of franchises and to retain our existing franchisees, we have taken and may continue to take actions that result in increased costs to us (such as increased sales incentives to franchisees) or decreased royalty payments to us (such as a reduction in or cap on the fees we charge our franchisees, including lower royalty rates). 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. If we fail to successfully offer franchisees compelling value propositions, we may fail to attract new franchisees and expiring franchisees may not renew their agreements with us, resulting in a reduction in royalty fees paid to us. Any of the foregoing may have a material adverse effect on our earnings and growth opportunities. As noted in the following risk factor, we and our franchisees also face substantial competition from non- traditional market participants. Competition in our related businesses and the businesses of our joint ventures is also intense. See" Item 1. — Business — Competition" in this Annual Report for additional information. Consumer preferences for the home buying and selling experience may change more quickly than we can adapt our businesses, which may have a material adverse effect on our results of operations and financial condition. The real estate brokerage industry has minimal barriers to entry for new participants and a growing number of companies are competing in non- traditional ways for a portion of the gross commission income generated by homesale transactions, including new entrants that employ technologies intended to disrupt historical real estate brokerage models, minimize or eliminate the role brokers and sales agents perform in the homesale transaction process, and / or shift the nature of the residential real estate transaction from the historic consumer- to- consumer model to a corporate- to- consumer model. Some of these models ~~, such as iBuying or home swap models,~~ may have less exposure to risks related to the continued rise of the sales agent' s share of commission income generated by homesale transactions, as they are less reliant on agent services, or may operate under a lower cost structure, such as virtual or discount brokerages. Changes to industry rules and / or the introduction of disruptive products and services may also result in an increase in the number of transactions that do not utilize the services of sales agents, including for sale by owner transactions. The significant size of the U. S. real estate market has continued to attract outside capital investment in disruptive competitors that seek to access a portion of this market, which has and is likely to continue to contribute to the competitive environment. Meaningful gains in market share by these alternative models and / or the introduction of other industry- disruptive competitors may adversely impact our market share and reduce homesale and ancillary transaction volume if we are unable to introduce competing products and services that are more attractive to consumers in a timely manner. A loss of market share or reduction in such transaction volume may have a material adverse effect on our operations and financial performance. Listing aggregator concentration and market power creates, and is expected to continue to create, disruption in the residential real estate brokerage industry, which may have a material adverse effect on our results of operations and financial condition. The concentration and market power of the top listing aggregators allow them to monetize their platforms by a variety of actions, including expanding into the brokerage business, charging significant referral fees, charging listing and display fees, diluting the relationship between agents and brokers and between agents and the consumer, tying referrals to use of their products, consolidating and leveraging data, and engaging in preferential or exclusionary practices to favor or disfavor other industry participants. These actions divert and reduce the earnings of other industry participants, including our company owned and franchised brokerages. Aggregators could ~~intensify~~ **expand** their current business tactics or introduce new programs that could be materially disadvantageous to our business and other brokerage participants in the industry including, but not limited to: • ~~broadening and / or increasing fees for their programs that charge brokerages and their affiliated sales agents fees including, referral, listing, display, advertising and related fees or introducing new fees for new or existing services; •~~ setting up competing brokerages and / or businesses, which could include the capture of property listings, directing referrals to agents and brokers that share revenue with them, or the recruitment of agents or franchisees; • **continuing to** ~~expanding~~ --- **expand** their offerings to include products (including agent tools) and services that are a part of or ancillary to the real estate transaction, such as title, escrow and mortgage origination services, that compete with services offered by us; • bundling their listing services with such ancillary offerings; • **broadening and / or increasing fees for their programs that charge brokerages and / or their affiliated sales agents fees including, referral, listing, display, advertising and related fees or introducing new fees for new or existing services; •** not including our or our franchisees' listings on their websites; • controlling significant inventory and agent referrals, tying referrals to use of their products, and / or engaging in preferential or exclusionary practices to favor or disfavor other industry participants; • leveraging their position to compel the use of their platforms exclusively, which may include requiring disclosure of competitively sensitive information; • aggregating consumer data from their listing sites and ancillary services for competitive advantage; • establishing oppressive contract terms, including with respect to data sharing requirements; • disintermediating our relationship with affiliated franchisees and independent sales agents; and / or • disintermediating the relationship between the sales agent and the buyers and sellers of homes, including through the promotion of products or services designed to replace the role of the sales agent in both buy side and sell side transactions. Such tactics could further increase pressures on the profitability of our company owned and franchised brokerages and affiliated independent sales agents, reduce our market share, reduce our franchisor service revenue and dilute our relationships with franchisees, independent sales agents and consumers and our franchisees' relationships with affiliated independent sales agents and consumers. Our financial results are affected by the operating results of our franchisees. Franchise Group receives revenue in the form of royalties, which are based on a percentage of gross commission income earned by our franchisees. Accordingly, the financial results of Franchise Group are dependent upon the operational and financial success of our franchisees, in particular with respect to our largest franchisees. If industry trends or economic conditions worsen or do not improve or if one or more of our top performing franchisees become less competitive or leave our franchise system, Franchise Group' s financial results may worsen and our royalty revenues may decline, which could have a material adverse effect on our revenues and profitability. In addition, from time to time, we have had to increase our bad debt and note reserves, including with respect to the conversion notes or other note- backed funding we extend to eligible franchisees, which are forgiven ratably generally over the term of the franchise agreement upon satisfaction of certain revenue performance- based thresholds. We may also have to terminate franchisees due to non- payment. Moreover, the ownership model for some larger franchisees has shifted to control by private investor groups that are more likely to have a higher proportion of debt and may have different priorities than historic franchisee owners, which increases franchisee liquidity, termination and non- renewal risks **and the risk that we may have to impair some or all of the conversion notes we have extended or may extend to these franchisees, which could materially adversely affect our financial results** . Consolidation among our top 250 franchisees may cause our royalty revenue to grow at a slower pace than homesale transaction volume. A significant majority of revenue at Franchise Group is generated from our top 250 franchisees, which have grown faster than our other franchisees through organic growth and market consolidation in recent years. The growing concentration in our top 250 franchisees puts pressure on our ability to renew or negotiate franchise agreements with favorable terms, including with respect to contractual royalty rates, sales incentives and covered geographies. In addition, such concentration increases risks related to the financial health of our franchisees as well as with respect to franchisee non- renewal or termination. If the amount of gross commission income generated by our top 250 franchisees continues to grow at a quicker pace relative to our other franchisees, we would expect to experience pressure on our royalty revenue, which we would expect to continue to increase, but at a slower pace than homesale transaction volume due to increased volume incentives, lower negotiated rates, and other incentives earned by such franchisees, all of which directly impact our royalty revenue.

Negligence or intentional actions of our franchisees and their independent sales agents could harm our business. Our franchisees (other than our company owned brokerages) are independent business operators and we do not exercise control over their day- to- day operations. Our franchisees may not successfully operate a real estate brokerage business in a manner consistent with industry standards or may not affiliate with effective independent sales agents or employees. If our franchisees or their independent sales agents were to engage in negligent or intentional misconduct or provide diminished quality of service to customers, our image and reputation may suffer materially, which could adversely affect our results of operations. Negligent or improper actions involving our franchisees or master franchisees, including regarding their relationships with independent sales agents, clients and employees, have **led,** and may in the future also lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability which, if determined adversely, could increase costs, negatively impact the business prospects of our franchisees and subject us to incremental liability for their actions. Additionally, franchisees and their independent sales agents (including those handling properties for our relocation operations) may engage or be accused of engaging in unlawful or tortious acts or failing to make necessary disclosures under federal and state law. Such acts or the accusation of such acts could harm our brands' image, reputation and goodwill or compromise our relocation operations **'** relationships with clients **. In addition, for certain types of claims, such as claims under antitrust laws, the sales of our franchisees are included in the calculation of liability and can materially increase the magnitude of the potential liability we may face in such actions** . Negligence or intentional actions of independent sales agents engaged by our company owned brokerages could materially and adversely affect our reputation and subject us to liability. Our company- owned brokerage operations rely on the performance of independent sales agents. If the independent sales agents were to provide lower quality services to our customers or engage in negligent or intentional misconduct, our image and reputation could be materially adversely affected. In addition, we could also be subject to litigation and regulatory claims arising out of their performance of brokerage or ancillary services, which if adversely determined, could materially and adversely affect us. We do not own two of our brands and difficulties in the business or changes in the licensing strategy of, or disagreements or complications in our relationship with, the brand owners could disrupt our business and / or negatively reflect on the brand and the brand value. The Sotheby' s International Realty ® and Better Homes and Gardens ® Real Estate brands are owned by the companies that founded these brands. Under separate long- term license agreements, we are the exclusive party licensed to run brokerage services in residential real estate under those brands, whether through our franchisees or our company owned operations. Our future operations and performance with respect to these brands requires the successful protection of those brands ~~. In 2021, we formed a strategic joint venture with Sotheby' s that acquired a stake in an online residential auction platform~~ . Any disagreements or complications in our relationship with, or difficulties in the business or changes in the licensing strategy of, the brand owners could disrupt our business and / or negatively reflect on the brand and the brand value. For additional information see" Item 1. — Business — Franchise Group — Intellectual Property". ~~If~~ **A reduction in the global spending on relocation services, including the amount that employers are willing to allocate for employee relocation, as well as a cessation or reduction in the volume of business generated from multiple significant relocation clients or a loss of** our largest real estate benefit program client **could adversely affect** ~~or~~ **our** ~~multiple significant~~ **revenues and profitability. Many of the general residential housing trends impacting our businesses that derive revenue from homesales also impact our** relocation **services business. Additionally, global corporate spending on relocation services has continued to shift to lower cost relocation benefits as corporate** clients ~~cease~~ **engage in cost reduction initiatives and /** or ~~reduce~~ **restructuring programs, and employment relocation trends shift, including an increasing trend of flat rate moving allowances. As a result of a shift in the mix of services and number of services being delivered per move as well as** volume **declines** ~~under their contracts with us~~ , our **relocation operations have been subject to an increasingly competitive pricing environment and lower average** ~~revenues~~ - **revenue per relocation, which negatively impacts the operating results of our relocation operations. In addition, the greater acceptance of remote work arrangements** and ~~profitability~~ **shifts toward flat rate moving allowances** ~~would~~ **could** ~~be materially adversely affected~~ **negatively impact relocation volumes** . Contracts with our real estate benefit program and relocation clients are generally terminable at any time at the option of the client, do not require such client to maintain any level of business with us and are non- exclusive. Our real estate benefit program revenues are highly concentrated. If our largest real estate benefit program client or multiple significant relocation clients cease or reduce volume under their contracts with us, **whether as a result of market shifts, public controversies which negatively impact such clients, or otherwise,** our revenues (including downstream revenue at Franchise, Owned Brokerage and Title Groups) and profitability ~~would~~ **have been and may in the future** be materially adversely affected. **Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information or litigation or claims arising from such incidents,** ~~Many~~ - **any** of **which could have a material adverse effect on our reputation and results of operations. We face growing risks and costs related to cybersecurity threats to our operations, our data and customer, franchisee, employee and independent sales agent data, including but not limited to: • the failure or significant disruption of our operations from various causes, including human error, computer malware, ransomware, insecure software, zero- day threats, threats to or disruption of joint venture partners or of third- party vendors who provide critical services, or** ~~the~~ **other** ~~general residential housing trends impacting~~ **events related to our critical information technologies and systems; • the increasing level and sophistication of cybersecurity attacks, including distributed denial of service attacks, data theft, fraud or malicious or negligent acts on the part of trusted insiders, social engineering, or other unlawful tactics aimed at compromising the systems and data of** our businesses **, officers, employees, franchisees and company owned brokerage independent sales agents and their customers (including via systems not directly controlled by us, such as those maintained by our franchisees, affiliated independent sales agents, joint venture partners and third party service providers, including our third- party relocation service providers); and • the reputational, business continuity and financial risks associated with a loss of data or material data breach (including unauthorized access to, or destruction or**

corruption of, our proprietary business information or personal information of our customers, employees and independent sales agents), the transmission of computer malware, cyberattacks, or the diversion of homesale transaction closing funds. In the ordinary course of our business, we and our third- party service providers, our franchisee and company owned brokerage independent sales agents and our relocation operations collect, store and transmit sensitive data, including our proprietary business information and intellectual property and that **of** ~~derive revenue from homesales also impact~~ our ~~relocation services business. Additionally, global corporate spending on relocation services has continued to shift to lower cost relocation benefits as corporate~~ clients ~~engage in cost reduction initiatives and / or restructuring programs,~~ as well as ~~changes in employment relocation trends~~ **personal information, sensitive financial information and other confidential information of our employees, customers and the customers of our franchisee and company owned brokerage sales agents** . ~~As~~ **Third parties, including vendors or suppliers that provide essential services for our global operations, could also be** a **source of security risk to us if they experience a failure of their own security systems and infrastructure. We increasingly rely on third- party data processing, storage providers, and critical infrastructure services, including but not limited to cloud solution providers. The secure processing, maintenance and transmission of this information is critical to our operations and with respect to information collected and stored by our third- party service providers, we are reliant upon their security procedures, which may not be as robust as our own procedures. A breach or attack affecting one of our third- party service providers or partners could harm our business even if we do not control the service that is attacked. Moreover, the real estate industry is actively targeted by cyber- attacker attempts to conduct electronic fraudulent activity directed at participants in real estate services transactions. These attacks, when successful, can** result ~~of a shift~~ in **fraud, including wire fraud related to the diversion of home sale transaction funds, or** ~~the~~ **other** ~~mix of services~~ **harm, which could result in significant claims** and ~~number of services being delivered per move~~ **reputational damage to us, our brands, franchisees, and independent sales agents and could also result in material increases in our operational costs. Further, these threats to our business may be wholly or partially beyond our control as our franchisees** as well as ~~lower volume growth,~~ our **customers, franchisee** ~~relocation operations have been subject to an~~ **and** ~~increasingly competitive pricing~~ **company owned brokerage independent sales agents and their customers, joint venture partners and third- party service providers may use e- mail, computers, smartphones and other devices and systems that are outside of our security control** environment ~~and lower average revenue per relocation, which negatively impacts the operating results of our relocation operations. The COVID- 19 crisis along with related ongoing travel restrictions in the U. S. and elsewhere, previously exacerbated these trends and could again put pressure on the financial results of Cartus, which may not return to levels consistent with those prior to the onset of the crisis~~ . In addition, **real estate transactions involve the transmission of funds by the buyers and sellers of real estate, and consumers or** ~~the~~ **other** ~~greater acceptance~~ **service providers selected by the consumer may be the subject** of ~~remote work arrangements has~~ **direct cyber- attacks that result in the fraudulent diversion of funds, notwithstanding efforts we have taken to educate consumers with respect to** ~~the~~ **these risks. Cybersecurity incidents, depending on their nature and scope, could result in, among other things, the misappropriation, destruction, corruption or unavailability of critical systems, data and confidential or proprietary information (our own or that of third parties, including personal information and financial information) and the disruption of business operations. The** potential **consequences of a material cybersecurity incident include regulatory violations of applicable U. S. and international privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure** to **material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could** have a ~~negative impact~~ **material adverse effect** on ~~relocation volumes in the long~~ **our competitiveness and results of operations. Our security systems and IT infrastructure may not adequately protect against all potential security breaches, cyber** - ~~term~~ **attacks, or other unauthorized access to personal information, including ransomware incidents. We, our third- party service providers, franchisees, franchisee and company owned brokerage independent sales agents, and joint venture partners have experienced and expect to continue to experience these types of threats and incidents. Cyberattacks have led and will likely continue to lead to increased costs to us with respect to preventing, investigating, mitigating, insuring against and remediating these incidents and risks, as well as any related attempted or actual fraud. Our corporate errors and omissions and cybersecurity breach insurance, or that of applicable third parties, may be insufficient to compensate us for losses that may occur. Moreover, we are required to comply with growing laws and regulations both in the United States and in other countries where we do business that regulate cybersecurity, privacy and related matters. With an increased percentage of our business occurring virtually, there is an increased risk of a potential violation of these expanding laws and regulations. Any significant violations of such laws and regulations could result in the loss of new or existing business, litigation, regulatory investigations, the payment of fines and / or penalties (which may not be covered by cybersecurity breach insurance) and damage to our reputation. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations** . The failure of third- party vendors or partners could result in harm to our reputation and have a material adverse effect on our business and results of operations. We engage with third- party vendors and partners in a variety of ways, ranging from strategic collaborations and joint ventures and product development to running key internal operational processes and critical client systems. In many instances, these third parties are in direct contact with our customers in order to deliver services on our behalf or to fulfill their role in the applicable collaboration. In some instances, these third parties may be in possession of personal information of our customers or employees. In other instances, these third parties may play a critical role in developing products and services central to our business strategy. For example, we have partnered with a strategic third party to provide our product suite to affiliated agents, brokerages and franchisees, and these products form an important part of our value proposition to such parties. In addition, we have engaged with another strategic third- party partner on key software development projects and have other strategic projects in place with other third parties. Our third- party vendors and partners may encounter difficulties in the provision of required deliverables or may fail to provide us with timely services, which may delay ~~us~~ **our projects** , and also may make decisions that may harm us or that are contrary to our best interests, including by pursuing opportunities outside of the applicable Company project or program, to the detriment of such project or program. If our third- party partners or vendors were to fail to perform as we expect, fail to appropriately manage risks, provide diminished or delayed services to our customers, experience operational or liquidity concerns (whether related to market downturns or other factors), or face cybersecurity breaches of their information technology systems, or if we fail to adequately monitor their performance, our operations and reputation could be materially adversely affected, in particular with respect to any such failures related to the provision or development of key products. Depending on the function involved, vendor or third- party application failure or error may lead to increased costs, business disruption, distraction to management, processing inefficiencies, the loss of or damage to intellectual property or sensitive data through security breaches or otherwise, effects on financial reporting, loss of customers, damage to our reputation, or litigation, regulatory claims and / or remediation costs (including claims based on theories of breach of contract, vicarious liability, negligence or failure to comply with laws and regulations). Third- party vendors and partners may also fail to maintain or keep adequate levels of insurance, which could result in a loss to us or expose us to litigation. In addition, although we have a Vendor Code of Conduct, we may be subject to the consequences of fraud, bribery, or misconduct by employees of our vendors, which could result in significant financial or reputational harm. The actions of our third- party vendors and unaffiliated third- party developers are beyond our control. We face the same risks with respect to subcontractors that might be engaged by our third-party vendors and partners. We are reliant upon information technology to operate our business and maintain our competitiveness. Our ability to leverage our technology and data scale is critical to our long- term strategy. Our business, including our ability to attract employees and independent sales agents, increasingly depends upon the use of sophisticated information technologies and systems, including technology and systems (cloud solutions, mobile and otherwise) utilized for communications, marketing, productivity tools, training, lead generation, records of transactions, business records (employment, accounting, tax, etc.), procurement, call center operations and administrative systems. The operation of these technologies and systems is dependent upon third- party technologies, systems and services for which there are no assurances of continued or uninterrupted availability and support by the applicable third- party vendors on commercially reasonable terms. We also cannot assure that we will be able to continue to effectively operate and maintain our information technologies and systems. In addition, our information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and we expect that advanced new technologies and systems will continue to be introduced. We may not be able to obtain such new technologies and systems, or to replace or introduce new technologies and systems as quickly as our competitors or in a cost-effective manner. Also, we may not achieve the benefits anticipated or required from any new technology or system, and we may not be able to devote financial resources to new technologies and systems in the future. ~~Cybersecurity incidents~~ **We may not be successful in our artificial intelligence initiatives, which** could ~~disrupt~~ **adversely affect our** business **and operating results. In an effort to increase efficiency, improve quality, improve agent and customer experience and decrease risk, we are utilizing innovative technologies, processes and techniques, including AI, in internal business processes and in our products and services. Our future success depends, in part, on our ability to develop products and services that anticipate and respond effectively to the threat and opportunity presented by developments in technology, including technologies based on AI, machine learning, generative AI and large language models. If we are unable to effectively utilize these technologies in our products and services, it could adversely affect our value proposition to affiliated agents and franchisees, the productivity of independent sales agents, our appeal to consumers, or our ability to capture increased economics associated with homesale transactions, which in turn could adversely affect our competitive position, business, financial condition and results of** operations **. We must also develop** and **implement technology solutions** ~~result in the loss of critical~~ and ~~confidential information~~ **technical expertise among** ~~or~~ **our** ~~litigation or claims arising from such incidents~~ **employees that anticipate and keep pace with rapid and continuing changes in technology** , ~~any of~~ **industry standards, client preferences and internal control standards. We may not be successful in anticipating or responding to these developments on a timely and cost- effective basis,** which **could negatively impact our cost saving initiatives, including streamlining and modernizing our business. Failure to improve the efficiency and effectiveness of our cost structure** could have a material adverse effect on our **competitive position (** ~~reputation and results of operations. We face growing risks and costs related to cybersecurity threats to our operations, our data and customer, franchisee, employee and independent sales agent data,~~ including **with respect** ~~but not limited~~ to ~~: • the failure or significant disruption of our operations from various causes, including human error, computer malware, ransomware, insecure software, zero- day threats, threats to or disruption of joint venture partners or of third- party vendors who provide critical services, or other~~ -- **the recruitment** ~~events related to our critical information technologies~~ and **retention** ~~systems; • the increasing level and sophistication~~ of **production** ~~cybersecurity attacks, including distributed denial of service attacks, data theft, fraud or malicious or negligent acts on the part of trusted insiders, social engineering, or other unlawful tactics aimed at compromising the systems and data of our businesses, officers, employees, franchisees and company owned brokerage~~ independent sales agents and **franchisees), business, financial condition, results of operations and cash flows. Finally, AI technologies are complex and rapidly evolving, and we face an evolving regulatory landscape. These initiatives may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or** ~~their~~ - **other** ~~customers (~~ **complications,** including ~~via systems not directly controlled by us, such as~~ those ~~maintained by our franchisees, affiliated independent sales agents, joint venture partners and third party service providers, including our third- party relocation service providers); and • the reputational, business continuity and financial risks~~ associated with ~~a loss~~ **potential defects in the design and development** of **the technologies used to automate processes; misapplication of technologies; the reliance on** data **, rules** or ~~material data breach (~~ **assumptions that may prove**

inadequate; information security vulnerabilities; and failure to meet customer expectations, among others. Moreover, AI may give rise to litigation risk, including **potential** ~~unauthorized access to, or destruction or corruption of, our proprietary business information or personal information of our customers, employees and independent sales agents), the transmission of computer malware, cyberattacks, or the diversion of homesale transaction closing funds. In the ordinary course of our business, we and our third- party service providers, our franchisee and company owned brokerage independent sales agents and our relocation operations collect, store and transmit sensitive data, including our proprietary business information and~~ intellectual property ~~and that of our~~ **or privacy liability. Any** ~~clients as well as personal information, sensitive financial information and other confidential information~~ of ~~our employees, customers and the~~ **these factors may cause** ~~customers of our franchisee and company owned brokerage sales agents. Third parties, including vendors or suppliers that provide essential services for our global operations, could also be a source of security risk to~~ us **to** ~~if they~~ experience ~~a failure of their own security systems and~~ **brand** ~~infrastructure. We increasingly rely on third- party data processing, storage providers, and critical infrastructure services, including but not limited to cloud solution providers. The secure processing, maintenance and transmission of this information is critical to our~~ **or reputational** ~~operations and with respect to information collected and stored by our third- party service providers, we are reliant upon their security procedures, which may not be as robust as our own procedures. A breach or attack affecting one of our third- party service providers or partners could~~ harm ~~our business even if we do not control the service that is attacked. Moreover~~ , **competitive** ~~the real estate industry is actively targeted by cyber- attacker attempts to conduct electronic fraudulent activity directed at participants in real estate services transactions. These attacks, when successful, can result in fraud, including wire fraud related to the diversion of home sale transaction funds, or other~~ harm, **legal liability** ~~which could result in significant claims and reputational damage to us~~ , **new** ~~our~~ **or enhanced governmental** ~~brands, franchisees, and independent sales agents and could also result in material increases in our~~ **or** ~~operational~~ **regulatory scrutiny, and to incur additional** costs ~~. Further, these threats~~ to **resolve** ~~our business may be wholly or partially beyond our control as our franchisees as well as our customers, franchisee and company owned brokerage independent sales agents and their customers, joint venture partners and third- party service providers may use e- mail, computers, smartphones and other devices and systems that are outside of our security control environment. In addition, real estate transactions involve the transmission of funds by the buyers and sellers of real estate and consumers or other service providers selected by the consumer may be the subject of direct cyber- attacks that result in the fraudulent diversion of funds, notwithstanding efforts we have taken to educate consumers with respect to these risks. Cybersecurity incidents, depending on their nature and scope, could result in, among other things, the misappropriation, destruction, corruption or unavailability of critical systems, data and confidential or proprietary information (our own or that of third parties, including personal information and financial information) and the disruption of business operations. The potential consequences of a material cybersecurity incident include regulatory violations of applicable U. S. and international privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could have a material adverse effect on our competitiveness and results of operations. Our security systems and IT infrastructure may not adequately protect against all potential security breaches, cyber- attacks, or other unauthorized access to personal information, including ransomware incidents. We, our third- party service providers, franchisees, franchisee and company owned brokerage independent sales agents, and joint venture partners have experienced and expect to continue to experience these types of threats and incidents. Cyberattacks have led and will likely continue to lead to increased costs to us with respect to preventing, investigating, mitigating, insuring against and remediating these incidents and risks, as well as any related attempted or actual fraud. Our corporate errors and omissions and cybersecurity breach insurance, or that of applicable third parties, may be insufficient to compensate us for losses that may occur. Moreover, we are required to comply with growing laws and regulations both in the United States and in other countries where we do business that regulate cybersecurity, privacy and related matters. With an increased percentage of our business occurring virtually, there is an increased risk of a potential violation of these expanding laws and regulations. Any significant violations of~~ such **issues** ~~laws and regulations could result in the loss of new or existing business, litigation, regulatory investigations, the payment of fines and / or penalties (which may not be covered by cybersecurity breach insurance) and damage to our reputation. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations~~ . We may not realize the expected benefits from our existing or future joint ventures or strategic partnerships. We have entered into several important strategic joint ventures with third party partners. In some of these joint ventures, such as Guaranteed Rate Affinity and our Title Insurance Underwriter Joint Venture, we hold a minority stake and, while we have certain governance rights, we do not have a controlling financial or operating interest. There are inherent risks to joint ventures, including execution risks that could arise if our strategic priorities do not align with those of our partners. There can be no assurance that such ~~venture~~ **ventures** (or products offered by such ventures) will be successful or will operate as intended. Our current or future joint venture partners may make decisions which may harm the joint venture or are contrary to our best interests, including by pursuing opportunities outside of the joint venture. Our joint ventures generally are not exclusive and our joint venture partners could expand existing relationships with competitors or pursue relationships with other competitors to our detriment. Additionally, even when we hold a minority interest in a joint venture, improper actions by **the joint venture or** our joint venture partners may also lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability, which, if determined adversely, could increase costs, negatively impact our reputation and subject us to liability for their actions. Each of our existing joint ventures faces risks specific to their business as well, including regulatory changes, **litigation** consumer trends and preferences and other market conditions. For example, our mortgage origination joint venture has been materially adversely affected by increases in mortgage interest rates, high levels of competition, decreases in operating margins and lower gain- on- sale margins. In addition, our joint ventures or our joint venture partners could face operational or liquidity risks ~~,~~ due to market downturns or other factors such as litigation or regulatory investigations that may arise. Any of the foregoing could have an adverse impact, which may be material, on our earnings and dividends from the applicable joint venture or our results of operations. Failure to successfully complete or integrate acquisitions and joint ventures into our existing operations, or to complete or effectively manage divestitures or refranchisings, could adversely affect our business, financial condition or results of operations. We regularly review our portfolio of businesses and evaluate potential acquisitions, joint ventures, divestitures, refranchisings and other strategic transactions. Potential issues associated with these activities could include, among other things: our ability to complete or effectively manage such transactions on terms commercially favorable to us or at all; our ability to realize the full extent of the expected returns, benefits, cost savings or synergies as a result of a transaction, within the anticipated time frame, or at all; and diversion of management' s attention from day- to- day operations. In addition, the success of any future acquisition strategy we may pursue will depend upon our ability to fund such acquisitions given our total outstanding indebtedness, find suitable acquisition candidates on favorable terms and for target companies to find our acquisition proposals more favorable than those made by other competitors. If an acquisition or majority- held joint venture is not successfully completed or integrated into our existing operations (including our internal controls and compliance environment), or if a divestiture or refranchising is not successfully completed or managed or does not result in the benefits or cost savings we expect, our business, financial condition or results of operations may be adversely affected. Risks Related to Our Indebtedness Our liquidity has been, and is expected to continue to be, negatively impacted by the substantial interest expense on our debt obligations. We are significantly encumbered by our debt obligations. As of December 31, ~~2022~~ **2023**, our total debt, excluding our securitization obligations, was $ 2, ~~875~~ **567** million (without giving effect to outstanding letters of credit). As a result, a substantial portion of our cash flows from operations must be dedicated to the payment of interest on our indebtedness and **mandatory debt amortization and** ~~, as a result,~~ is **therefore** not available for other purposes, including our operations, capital expenditures, technology, **discretionary principal debt repayment or open market debt repurchases,** share repurchases, dividends ~~and~~ **or** future business opportunities ~~or principal repayment~~. Our liquidity position has been, and is expected to continue to be, negatively impacted by the substantial interest expense on our debt obligations **. In addition, a portion of our interest expense arises from variable interest rate debt, and such expenses may significantly increase if interest rates increase**. Risks associated with our debt obligations are heightened during industry downturns or broader recessions that decrease our revenues, earnings and cash flows from operations. Our significant indebtedness and interest obligations could prevent us from meeting our obligations under our debt instruments and could adversely affect our ability to fund our operations, invest in our business or pursue growth opportunities, react to changes in the economy or our industry, or incur additional borrowings under our existing facilities. Our leverage could have important consequences, including the following: • it could cause us to be unable to comply with the senior secured leverage ratio covenant under our Senior Secured Credit Facility and Term Loan A Facility; • it could cause us to be unable to meet our debt service requirements under our debt agreements or meet our other financial obligations; • it may limit our ability to incur additional borrowings under our existing facilities, including our Revolving Credit Facility, to refinance or restructure our indebtedness, or to obtain additional debt or equity financing for working capital, capital expenditures, business development, debt service requirements, acquisitions or general corporate or other purposes; • it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have no or less debt; • it may cause a downgrade of our debt and long- term corporate ratings; • it may limit our ability to repurchase shares or declare dividends; • it may limit our ability to attract acquisition candidates or to complete future acquisitions; • it may cause us to be more vulnerable to periods of negative or slow growth in the general economy or in our business, or may cause us to be unable to ~~carry out capital spending~~ **invest in strategic initiatives** that ~~is~~ **are** important to our growth; and • it may limit our ability to **motivate,** attract and retain key personnel. A material decline in our ability to generate EBITDA calculated on a Pro Forma Basis, as defined in the Senior Secured Credit Agreement governing the Senior Secured Credit Facility **,** could result in our failure to comply with the senior secured leverage ratio covenant under our Senior Secured Credit Facility (including the Revolving Credit Facility) and Term Loan A Facility, which would result in an event of default if we fail to remedy or avoid a default as permitted under the applicable debt arrangement. Our debt risk may also be increased as a result of competitive pressures **or industry structure changes** that reduce margins and free cash flow. If our EBITDA calculated on a Pro Forma Basis were to decline and / or we were to incur additional first lien senior secured debt (including borrowings under the Revolving Credit Facility), our ability to borrow the full capacity under the Revolving Credit Facility (without refinancing secured debt into unsecured debt) could be limited as we must maintain compliance with the senior secured leverage ratio under the Senior Secured Credit Agreement. Any inability to borrow sufficient funds to operate our business could have a material adverse impact on our business, results of operations and liquidity. Restrictive covenants under our Senior Secured Credit Facility, Term Loan A Facility, and indentures governing the Unsecured Notes **and 7. 00 % Senior Secured Second Lien Notes** may limit the manner in which we operate. Our Senior Secured Credit Facility, Term Loan A Facility, and the indentures governing the Unsecured **Notes and 7. 00 % Senior Secured Second Lien** Notes contain, and any future indebtedness we may incur may contain, various negative covenants that restrict our ability to, among other things: • incur or guarantee additional indebtedness, or issue disqualified stock or preferred stock; • pay dividends or make distributions to our stockholders; • repurchase or redeem capital stock; • make investments or acquisitions; • ~~incur restrictions on~~ **receive dividends or** ~~the~~ **other** ~~ability of~~ **payment from** certain of our subsidiaries ~~to pay dividends or to make other payments to us~~; • enter into transactions with affiliates; • create liens; • merge or consolidate with other companies or transfer all or substantially all of our assets; • transfer or sell assets, including capital stock of subsidiaries; and • prepay, redeem or repurchase certain indebtedness. As a result of these covenants, 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. An event of default under our Senior Secured Credit Facility, the Term Loan A Facility or the indentures governing our other material indebtedness would adversely affect our operations and our ability to satisfy obligations under our indebtedness. If we are unable to comply with the senior secured leverage ratio covenant under the Senior Secured Credit Facility or Term Loan A Facility due to a material decline in our ability to generate EBITDA calculated on a Pro Forma Basis (as defined in the Senior Secured Credit Agreement) or otherwise or if we are unable to comply with other restrictive covenants under those agreements or the indentures governing our Unsecured Notes and **7. 00 % Senior Secured Second Lien Notes and** we fail to remedy or avoid a default as permitted under the applicable debt arrangement, there would be an" event of default" under such arrangement. Other events of default include, without limitation, nonpayment of principal or interest, material misrepresentations, 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, failure to obtain an unqualified audit opinion by 90 days after the end of any fiscal year. Upon the occurrence of any event of default under the Senior Secured Credit Facility and Term Loan A Facility, the lenders: • will not be required to lend any additional amounts to us; • could elect to declare all borrowings outstanding, together with accrued interest and fees, to be immediately due and payable; • could require us to apply all of our available cash to repay these borrowings; or • could prevent us from making payments on the Unsecured Notes, any of which could result in an event of default under the indentures governing such notes or our Apple Ridge Funding LLC securitization program. If we were unable to repay the amounts outstanding under our Senior Secured Credit Facility or Term Loan A Facility, the lenders and holders of such debt could proceed against the collateral granted to secure those debt arrangements. We have pledged a significant portion of our assets as collateral to secure such indebtedness. If the lenders under those debt arrangements accelerate the repayment of borrowings, we may not have sufficient assets to repay the Senior Secured Credit Facility or Term Loan A Facility and our other indebtedness or be able to borrow sufficient funds to refinance or restructure such indebtedness. Upon the occurrence of an event of default under the indentures governing our Unsecured Notes, the trustee or holders of 25 % of the outstanding applicable notes could elect to declare the principal of, premium, if any, and accrued but unpaid interest on such notes to be due and payable. Any of the foregoing would have a material adverse effect on our business, financial condition and results of operations. The exchangeable note hedge and warrant transactions may affect the value of our common stock. Concurrent with the offering of the Exchangeable Senior Notes, we entered into exchangeable note hedge transactions and warrant transactions with certain counterparties (the" Option Counterparties"). The exchangeable note hedge transactions are expected generally to reduce the potential dilution upon exchange of the notes and / or offset any cash payments we are required to make in excess of the principal amount of exchanged notes, as the case may be. However, the warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of common stock exceeds the strike price of the warrants. The Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling the common stock or other securities of ours in secondary market transactions prior to the maturity of the Exchangeable Senior Notes (and are likely to do so during any observation period related to an exchange of the notes). This activity could cause or avoid an increase or a decrease in the market price of our common stock. We are subject to counterparty risk with respect to the exchangeable note hedge transactions. The Option Counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that one or more of such Option Counterparties may default under the exchangeable note hedge transactions. Our exposure to the credit risk of the Option Counterparties is not secured by any collateral. If any Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the exchangeable note hedge transaction. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our common stock market price and in the volatility of the market price of our common stock. In addition, upon a default by the Option Counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurance as to the financial stability or viability of any Option Counterparty. We have substantial indebtedness and we may not be able to refinance or restructure any such debt on terms as favorable as those of currently outstanding debt **, or at all** . We consistently evaluate potential refinancing and financing transactions with respect to our debt, including restructuring our debt or repaying or refinancing certain tranches of our indebtedness and extending maturities, among other potential alternatives. There can be no assurance as to which, if any, of these alternatives we may pursue as the choice of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations **and' most favored nation' provisions** applicable to such transactions under our existing financing agreements and the consents we may need to obtain under the relevant documents. The high- yield market may not be accessible to companies with our debt profile **,** and such or other financing alternatives may not be available to us on commercially reasonable terms, terms that are acceptable to us, or at all. Any future indebtedness may impose various additional restrictions and covenants on us which could limit our ability to respond to market conditions, to make capital investments or to take advantage of business opportunities. Refinancing or restructuring debt at a higher cost would affect our operating results. We could also issue public or private placements of our common stock or preferred stock or convertible notes, any of which could, among other things, dilute our current stockholders and materially and adversely affect the market price of our common stock. A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us or our indebtedness could make it more difficult for us to refinance or restructure our debt or obtain additional debt financing in the future. Our indebtedness has been rated by nationally recognized rating agencies and may in the future be rated by additional rating agencies. We cannot assure you that any rating assigned to us or our indebtedness will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency' s judgment, circumstances relating to the basis of the rating, such as adverse changes in our business, so warrant. Any downgrade **(including downgrades in 2023)** , suspension or withdrawal of a rating by a rating agency (or any anticipated downgrade, suspension or withdrawal) as well as any actual or anticipated placement on negative outlook by a rating agency could make it more difficult or more expensive for us to refinance or restructure our debt or obtain additional debt financing in the future. Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase. At December 31, ~~2022~~ **2023** , $ ~~572~~ **491** million of our borrowings under our Revolving Credit Facility and Term Loan A Facility was at variable rates of interest thereby exposing us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income would decrease. ~~The phase- out of LIBOR, or the replacement of LIBOR with SOFR, may adversely affect interest rates which may have an adverse impact on us. Our primary interest rate exposure is interest rate fluctuations due to the impact on our variable rate borrowings under our Senior Secured Credit Facility (for our Revolving Credit Facility) and the Term Loan A Facility. The cessation date for submission and publication of U. S. dollar LIBOR is expected to be mid- 2023. In connection with the amendment of our Senior Secured Credit Facility in July 2022, LIBOR was replaced with a Secured Overnight Financing Rate, or SOFR, based rate plus a 10 basis point SOFR credit spread adjustment as the applicable benchmark for the Revolving Credit Facility. 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.~~ We may be unable to continue to securitize certain of the relocation assets of Cartus, which may adversely impact our liquidity. At December 31, ~~2022~~ **2023** , $ ~~163~~ **115** million of securitization obligations were outstanding through special purpose entities monetizing certain assets of Cartus under one lending facility. We have provided a performance guaranty which guarantees the obligations of Cartus and its subsidiaries, as originator and servicer under the Apple Ridge securitization program. Our significant debt obligations may limit our ability to incur additional borrowings under our existing securitization facilities. The securitization markets have experienced, and may again experience, significant disruptions, which may have the effect of increasing our cost of funding or reducing our access to these markets in the future. In addition, the Apple Ridge securitization facility contains terms which if triggered may result in a termination or limitation of new or existing funding under the facility and / or may result in a requirement that all collections on the assets be used to pay down the amounts outstanding under such facility. If securitization financing is not available to us for any reason, we could be required to borrow under the Revolving Credit Facility, which would adversely impact our liquidity, or we may be required to find additional sources of funding which may be on less favorable terms or may not be available at all. Regulatory and Legal Risks Adverse developments or resolutions in litigation filed against us or against affiliated agents, franchisees or our joint ventures, may materially harm our business, results of operations and financial condition. As described in Note 15," Commitments and Contingencies — Litigation" to our Consolidated Financial Statements included elsewhere in this Annual Report (" Note 15"), we are a party to material litigation (including certified and putative class actions) in the areas of antitrust, TCPA and worker classification. We cannot provide any assurances that results in this litigation or other litigation in which we are or may be named will not have a material adverse effect on our business, results of operations or financial condition, either individually or in the aggregate. 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 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 TCPA litigation) and even where available, insurance carriers may dispute coverage for various reasons (including the cost of defense). Additionally, there is a deductible for each such case and such insurance may not be sufficient to cover the losses the Company incurs. Likewise, we cannot predict with certainty the cost of defense, the cost of prosecution, insurance coverage or the ultimate outcome of other litigation and proceedings that ~~has~~ **have** been or may be filed by or against us or against affiliated independent sales agents or franchisees or our joint ventures **,** and adverse developments and outcomes may materially harm our business and financial condition. Such litigation and other proceedings 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 challenging the classification of independent sales agents as independent contractors as well as joint employer, wage and hour ~~and~~ **claims,** retaliation claims **and claims regarding non- competition, non- solicitation and restrictive covenants** ; • 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 settlement; • claims related to disclosure or securities law violations as well as derivative suits; and • fraud, defalcation or misconduct claims. **operations** ~~in that action~~ .Adverse decisions in litigation or regulatory actions against companies unrelated to us ~~or the real estate industry at large~~ could impact our business practices and those of our franchisees in a manner that adversely impacts our financial condition and results of operations ~~.In general,we and other industry participants have seen an overall increase in significant litigation and regulatory scrutiny,and adverse outcomes and injunctive relief against industry participants,including industry associations and trade groups,could have a material adverse impact on us~~ .Litigation,investigations,claims and regulatory proceedings against other participants in the residential real estate or relocation industry 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 and may generate litigation ~~or investigations~~ for the Company.Examples may include RESPA,worker classification,or antitrust and anti- competition claims,among others. **Similarly** ~~For example~~ , ~~as further described~~ **the Company may be impacted by litigation and other claims against companies** in ~~Note 15~~ **other industries.To the extent plaintiffs are successful in these types of litigation matters,and we or our franchisees cannot distinguish our or their practices (or our industry' s practices)** ,we ~~have entered into a nationwide settlement in the Burnett antitrust class action litigation (~~ **and our franchisees could face significant liability and could be required to modify certain business relationships and / or practices,either of** which ~~settlement remains subject to~~ **could materially and adversely impact our financial condition and results of** Industry structure changes that ~~disrupt~~ **prohibit, restrict or adversely alter policies, practices, rules or regulations governing** the functioning of the residential real estate market could materially adversely affect our operations and financial results. ~~All of our~~ **As described more fully below and" Item 1. —** ~~businesses~~ -- **Business — Government** and ~~the~~ **Other Regulations", we operate in a** ~~businesses of our joint ventures and our franchisees are~~ highly regulated **industry** ~~and subject to shifts in public policy, statutory interpretation and enforcement priorities of regulators and other government authorities as well as amendments to existing regulations and regulatory guidance~~ . In addition, ~~through our subsidiaries, employees and / or affiliated agents, we are a participant in many MLSs and a member-owner of certain non- NAR controlled MLSs. Our affiliated agents may be members of NAR and respective state realtor associations. The rules and policies for these organizations are also subject to change due to shifts in internal policy, regulatory developments, or litigation or other legal action. Changes in the rules and policies of NAR and / or any MLSs can also be driven by changes in membership, including the entry of new industry participants, and other industry forces. We cannot assure you that changes in legislation, regulations, interpretations or regulatory guidance, enforcement priorities, litigation or the rules and policies of NAR and / or any MLSs will not result in additional limitations or restrictions on our business or otherwise adversely affect us. From~~ **from** time to time, certain industry practices have come under federal or state scrutiny or have been the subject of litigation **. We cannot assure you that changes in legislation, regulations, interpretations or regulatory guidance, enforcement priorities, litigation or the rules and policies of NAR and / or any MLSs will not result in additional limitations or restrictions on our business or otherwise adversely affect us** . The industry is currently experiencing increased scrutiny by regulators and other government offices, both on a federal and state level **, with particular focus on antitrust and competition** . ~~Four of the more active areas in~~ **There can be no assurance that policy, regulatory** ~~our~~ - **or governmental actions, or any resulting changes to competitive dynamics or consumer preferences, either alone or in combination with pending litigation, will not materially adversely impact the structure of the** industry ~~have been antitrust and~~ **, including by changing the broker commission structure including potentially significant restrictions on the offer, negotiation or payment of** ~~competition~~ **compensation by the seller or listing agents to buy- side agents** , ~~compliance with RESPA (~~ and **further** ~~similar state statutes)~~ , ~~TCPA (and similar state statutes) and worker classification. Other~~ - **there** ~~examples include, but are~~ **can be no assurance that such changes will** not **materially adversely impact** ~~limited to, consumer protection, mortgage lending and debt collection laws, federal and state fair housing laws, various broker fiduciary duties, false or fraudulent claims laws, and state laws limiting or prohibiting inducements, cash rebates and gifts to consumers. See" Item 1. — Business — Government and Other~~ -- **the** ~~Regulations"~~ **financial results of the Company and /** ~~for~~ - **or** ~~additional information. As noted in the prior risk factor and described in Note 15, Anywhere and~~ other industry participants ~~are also currently named~~ **, including through meaningful decreases** in ~~class actions that challenge residential real estate industry rules and practices for seller payment of buyer broker commissions. Developments or outcomes in such litigation or other~~ -- **the average** ~~legal proceedings involving the Company or industry participants could result in a change to the~~ broker commission ~~structure~~ **rate** , the **average buy- side commission rate or** ~~effect of which could result in reductions to~~ the share of commission income received by us and our franchisees. There can be no assurances as to whether the DOJ or FTC, their state counterparts, state or federal courts, or other **federal, state or local** 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. Moreover, we believe certain industry participants, including listing aggregators and participants pursuing non- traditional methods of marketing real estate, are pursuing changes to MLS and NAR rules and legal regulations that are intended to benefit their competitive position to the disadvantage of ~~historical~~ **traditional** real estate brokerage models. **Such changes to MLS or NAR rules and regulations could reduce the barriers to entry for alternative solutions available to homebuyers, home sellers, and real estate agents, which could increase the overall pace of innovation in homesale transactions (for example, home auctions which are more common in certain markets outside the U. S.).** Meaningful changes in industry operations or structure **(including meaningful decreases in the average broker commission rate** , **the average buy- side commission rate or the share of commission income received by us and our franchisees or potentially significant restrictions on the offer, negotiation or payment of compensation by the seller or listing agents to buy- side agents)** as a result of any of the foregoing or as the result of other governmental pressures **, changes to competitive dynamics or consumer preferences (including changes that result in a reduction in the percentage of home buyers or home sellers using an agent or broker in their homesale transactions)** , the introduction or growth of certain competitive models, or otherwise could have a material adverse effect on our operations, revenues, earnings and financial results. Our businesses and the businesses of our joint ventures and affiliated franchisees are highly regulated and any failure to comply with such regulations or any changes in such regulations **or in the interpretations or enforcement of such regulations** could adversely affect our business. **All** ~~As noted in the prior risk factor, all~~ of our businesses and the businesses of our joint ventures as well as the businesses of our franchisees are highly regulated and subject to ~~changing economic~~ **shifts in public policy, statutory**

interpretation and ~~political influences~~ **enforcement priorities of regulators and other government authorities as well as amendments to existing regulations and regulatory guidance and change to MLS and / or NAR rules and policies** . We must comply with numerous laws and regulations both domestically and abroad. See" Item 1. — Business — Government and Other Regulations" in this Annual Report for additional information concerning laws and regulations impacting our business, including antitrust, competition and bribery laws, RESPA, worker classification and the TCPA, among others. **Each** ~~In all~~ of our businesses ~~there is a risk that we~~ could be adversely affected by current laws, regulations or interpretations ~~or that~~ **, and** more restrictive laws, regulations or interpretations could increase responsibilities and duties to customers and franchisees and other parties **and** ~~, the adoption of which could~~ make compliance more difficult or expensive. **A** ~~There is also a risk that a~~ change in current laws could adversely affect our business. In addition, any adverse changes in regulatory interpretations, rules and laws that would place additional limitations or restrictions on affiliated transactions could have the effect of limiting or restricting collaboration among our businesses. We cannot assure you that future changes in legislation, regulations or interpretations will not adversely affect our business operations. Regulatory authorities also have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our financial condition or our practices were found not to comply with the then current regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. Our failure to comply with any of these requirements or interpretations could limit our ability to renew current franchisees or sign new franchisees or otherwise have a material adverse effect on our operations. Our compliance efforts may result in increased expenses, diversion of management' s time or changes to the manner in which we conduct our business. Our failure to comply with laws and regulations may subject us to fines, penalties, injunctions and / or potential criminal violations. Any changes to these laws, regulations or interpretations or any new laws or regulations may make it more difficult for us to operate our business. Likewise, all of the foregoing could adversely affect the businesses of our joint ventures or franchisees. Any of the foregoing may have a material adverse effect on our operations. Adverse decisions in litigation or...... impact our financial condition and results of operations. There may be adverse financial and operational consequences to us and our franchisees if independent sales agents are reclassified as employees. Although the legal relationship between residential real estate brokers and licensed sales agents throughout most of the real estate industry historically has been that of independent contractor, newer rules and interpretations of state and federal employment laws and regulations, including those governing employee classification and wage and hour regulations in our and other industries, may impact industry practices, our company owned brokerage operations, and our affiliated franchisees by seeking to reclassify licensed sales agents as employees **. For example, in January 2024, the Department of Labor released its final rule revising its interpretation of who qualifies as an independent contractor under the Fair Labor Standards Act** . Certain jurisdictions have adopted or are considering adopting standards that are significantly more restrictive than those historically used in wage and hour cases, which could have a material adverse effect on our business and results of operations. See" Item 1. — Business — Government and Other Regulations" in this Annual Report for additional information. Significant determinations to reclassify sales agents as employees in the absence of available exemptions from minimum wage or overtime laws, including damages and penalties for prior periods (if assessed), could be disruptive to our business, constrain our operations in certain jurisdictions and could have a material adverse effect on the operational and financial performance of the Company. If we fail to protect the privacy and personal information of our customers or employees, we may be subject to legal claims, government action and damage to our reputation. Regulators in the U. S. and abroad continue to enact comprehensive new laws or legislative reforms imposing significant privacy and cybersecurity restrictions. The result is that we are subject to increased regulatory scrutiny, additional contractual requirements from corporate customers, and heightened compliance costs as a result of numerous laws, regulations, and other requirements, domestically and globally, that require businesses like ours to protect the security of personal information, notify customers and other individuals about our privacy practices, and limit the use, disclosure, sale, or transfer of personal data. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. For example, we are required to comply with the European Union' s GDPR and in the U. S. we are required to comply with numerous federal and state statutes governing privacy and cybersecurity matters such as the CCPA, CPRA and the NYDFS Cybersecurity Regulation. Additional states have enacted their own privacy laws and many other states are likely to implement their own privacy statutes in the near term. See" Item 1. — Business — Government and Other Regulations — Cybersecurity and Data Privacy Regulations" in this Annual Report for additional information. We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition. These ongoing changes to privacy and cybersecurity laws also may make it more difficult for us to operate our business and may have a material adverse effect on our operations. Any significant violations of privacy and cybersecurity laws and regulations (including those involving joint ventures or our third-party vendors or partners) could result in the loss of new or existing business (including potential home buyers or sellers, our corporate relocation or real estate benefit program clients, their employees or members, franchisees, independent sales agents and lender channel clients), litigation, regulatory investigations, the payment of fines, damages, and penalties and damage to our reputation, any of which could have a material adverse effect on our business, financial condition, and results of operations. With an increased percentage of our business occurring virtually, there is an enhanced risk of a potential violation of the expanding privacy and cybersecurity laws and regulations. In addition, while we disclose our information collection and dissemination practices in a published privacy statement on our websites, which we may modify from time to time, we may be subject to legal claims, government action and damage to our reputation if we act or are perceived to be acting inconsistently with the terms of our privacy statement, customer expectations or state, national and international regulations. The occurrence of a significant claim in excess of our insurance coverage in any given period could have a material adverse effect on our financial condition and results of operations during the period. The weakening or unavailability of our intellectual property rights could adversely impact our business, including through the loss of intellectual property we license. Our trademarks, trade names, domain names and other intellectual property rights are fundamental to our brands and our franchising business. The steps we take to obtain, maintain and protect our intellectual property rights may not be adequate and, in particular, we may not own all necessary registrations for our intellectual property. Applications we have filed to register our intellectual property may not be approved by the appropriate regulatory authorities. Our intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. We may be unable to prevent third parties from using our intellectual property rights without our authorization or independently developing technology that is similar to ours. Also, third parties may own rights in similar trademarks. Any unauthorized or improper use of our intellectual property by third parties, including current or formerly affiliated franchisees or independent sales agents, could reduce our competitive advantages or otherwise harm our business and brands. If we had to litigate to protect these rights, any proceedings could be costly, and we may not prevail. Our intellectual property rights, including our trademarks, may fail to provide us with significant competitive advantages in the U. S. and in foreign jurisdictions that do not have or do not enforce strong intellectual property rights. **From time to time, we may update intellectual property used in our business (such as our name change to Anywhere Real Estate Inc. in 2022), which creates transition and increased expense.** We cannot be certain that our intellectual property does not and will not infringe issued intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in costly litigation. Adverse outcomes in intellectual property litigation and proceedings could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of intellectual property that is subject to third- party patents or other third- party intellectual property rights. We may be required to enter into licensing or consent agreements (if available on acceptable terms or at all), or to pay damages or royalties or cease using certain service marks, trademarks, technology or other intellectual property. We franchise our brands to franchisees. While we try to ensure that the quality of our brands is maintained by all of our franchisees, we cannot assure that these franchisees will not take actions that hurt the value of our brands or our reputation. In addition, our license agreements for the use of the Sotheby' s International Realty ® and Better Homes and Gardens ® Real Estate brands are terminable by the respective licensor prior to the end of the license term if certain conditions occur and the loss of either of these licenses could have a material adverse effect on our business and results of operations. Other Business Risks Our goodwill and other long- lived assets are subject to potential impairment which could negatively impact our earnings. A significant portion of our assets consists of goodwill and other long- lived assets, the carrying value of which may be reduced if we determine that those assets are impaired. If actual results differ from the assumptions and estimates used in the goodwill and long- lived asset valuation calculations (due to the risks reflected in this Annual Report or otherwise), we could incur impairment charges **in the past (including as related to management' s estimates with respect to the potential impact of the ongoing housing market downturn on our business)** , which would negatively impact our earnings. We have recognized significant non- cash impairment charges and we may be required to take additional such charges in the future, which may be material. We could be subject to significant losses if banks do not honor our escrow and trust deposits. Our company owned brokerage business and our title, escrow and settlement services business act as escrow agents for numerous customers. As an escrow agent, we receive money from customers to hold until certain conditions are satisfied. Upon the satisfaction of those conditions, we release the money to the appropriate party. We deposit this money with various banks and while these deposits are not assets of the Company (and therefore excluded from our consolidated balance sheet), we remain contingently liable for the disposition of these deposits. These escrow and trust deposits totaled $ ~~794~~ **564** million at December 31, ~~2022~~ **2023** . The banks may hold a significant amount of these deposits in excess of the federal deposit insurance limit. If any of our depository banks were to become unable to honor any portion of our deposits, customers could seek to hold us responsible for such amounts and, if the customers prevailed in their claims, we could be subject to significant losses. Changes in accounting standards, subjective assumptions and estimates used by management related to complex accounting matters could have an adverse effect on results of operations. Generally accepted accounting principles in the United States and related accounting pronouncements, implementation guidance and interpretations with regard to a wide range of matters, such as revenue recognition, lease accounting, stock- based compensation, asset impairments, valuation reserves, income taxes and fair value accounting, are highly complex and involve many subjective assumptions, estimates and judgments made by management. Changes in these rules or their interpretations or changes in underlying assumptions, estimates or judgments made by management could significantly change our reported results. Our international operations are subject to risks not generally experienced by our U. S. operations. Our relocation services business operates worldwide and we have other international operations and relationships, including but not limited to international franchisees and master franchisees. Such operations and relationships are subject to risks that are not generally experienced by our U. S. operations and could result in losses against which we are not insured and have a negative impact on our profitability. Such risks include, but are not limited to, heightened exposure to local economic conditions and local laws and regulations (including those related to employees, privacy and data storage, and other compliance issues, including sanction programs), fluctuations in foreign currency exchange rates, and potential adverse changes in the political stability of foreign countries or in their diplomatic relations with the U. S. In addition, the activities of franchisees and master franchisees outside of the U. S. are more difficult and more expensive to monitor and improper activities or mismanagement may be more difficult to detect. Loss or attrition among our senior executives or other key employees and our inability to develop our existing workforce and to recruit top talent could adversely affect our financial performance. Our success is largely dependent on the efforts and abilities of our executive officers and other key employees, our ability to develop the skills and talent of our workforce and our ability to recruit, retain and motivate top talent. Talent management has been and continues to be a strategic priority and our ability to recruit and retain our executive officers and key employees, including those with significant experience in the residential real estate market, is subject to numerous factors, including the compensation and benefits we pay. Our recruitment and retention efforts may be hindered by present or future restructurings or cost savings initiatives. The **ongoing downturn in the real estate market and the uncertainties surrounding changes to industry structure due to litigation and / or regulatory action may restrict our ability to offer competitive compensation which, in addition to the broader uncertainty and potential downsides in the broader real estate market, could hinder our recruitment and retention efforts or make it more difficult to motivate our existing employees. The** increasing prevalence of virtual and remote- work arrangements adds additional competition for critical talent. Additionally, recent actions by **various states as well as** the FTC that, if enacted, would prohibit employers from entering into non- compete clauses with workers and require employers to rescind existing non- compete clauses, could have an adverse impact on our business. If we are unable to internally develop or hire skilled executives and other critical positions, successfully plan for succession of employees holding key management positions, or if we encounter challenges associated with change management or the competitiveness of compensation actually realized by our executive officers and other key employees, our ability to continue to execute or evolve our strategy may be impaired and our business may be adversely affected. Severe weather events or natural or man- made disasters, including increasing severity or frequency of such events due to climate change or otherwise, or other catastrophic events (including public health crises) may disrupt our business and have an unfavorable impact on homesale activity. Owned Brokerage Group has a significant concentration of 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. Coastal areas, including California and Florida, are particularly subject to severe weather events (including hurricanes and flooding) and natural disasters. Increasingly, wildfires in the west have been difficult to contain and cover large areas. The occurrence of a severe weather event or natural or man- made disaster can reduce the level and quality of home inventory and negatively impact the demand for homes in affected areas, which can disrupt local or regional real estate markets, delay the closing of homesale transactions and have an unfavorable impact on home prices, homesale transaction volume, relocation transactions, and title closing units. These effects may be compounded when the taxes or insurance costs associated with homeownership in the affected area are higher than average **or the cost of such insurance materially increases in connect with the increasing frequency and severity of weather events or other disasters** . In addition, we could incur damage, which may be significant, to our office locations as a result of severe weather events or natural disasters **,** and our insurance may not be adequate to cover such losses. The impact of climate change, such as more frequent and severe weather events and / or long- term shifts in climate patterns, exacerbates these risks. Likewise, our business and operating results could suffer as the result of other catastrophic events, including public health crises, such as pandemics and epidemics. For example, the COVID- 19 crisis contributed to material reductions in relocation volume and significant homesale transaction volume volatility in 2021 ~~and our business could again be negatively impacted by the COVID- 19 crisis~~ . Increasing **governmental regulation and** scrutiny ~~and changing expectations~~ from investors, customers and regulators with respect to corporate sustainability practices **and reporting** may impose additional costs on us or expose us to reputational or other risks. There is an increasing focus from certain investors, regulators and other stakeholders concerning corporate responsibility, specifically related to environmental, social and governance (ESG) factors. ~~We publicly~~ **In recent years, an increasing number of state and federal laws and regulations have been enacted or proposed that deal with the effect of climate change on the environment, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, which could expand the nature, scope, and complexity of matters that we** ~~share~~ -- **are required to control, assess and report. For example, in the fourth quarter of 2023, California enacted the Climate Corporate Data Accountability Act (CCDAA), and the Climate- Related Financial Risk Act (CRFRA) – together, the California Climate Accountability Package, which is the first U. S. law to require certain companies with California operations to disclose greenhouse gas emissions and climate- related risks. Existing and proposed ESG- related regulations may increase the ongoing costs of compliance and adversely impact our results of operations and cash flows. If we are unable to adequately address such ESG matters or fail to comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results. In addition, we publish** certain information about our ESG initiatives and we may face increased scrutiny related to these activities, including if we fail to achieve progress in these areas on a timely basis, if at all. We could also be criticized for the scope of such initiatives or goals. Some investors may use ESG factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our related policies are inadequate. In addition, certain clients may require that we implement certain additional ESG procedures or standards in order to continue to do business with us. Meeting these evolving expectations could be costly and failure (or perceived failure) to satisfy investor, client, consumer or other stakeholder expectations and standards, could also cause reputational harm to our business and brands. Market forecasts and estimates, including our internal estimates, may prove to be inaccurate and, even if achieved, our business could fail to grow at similar rates. We use forecasts and data from a wide variety of industry sources (including NAR, Fannie Mae and other independent sources) in addition to good faith estimates derived from management' s knowledge of the industry to inform our own forecasts and estimates for key market trends. Forecasts regarding rates of home ownership, median sales price, volume of homesales, and other housing industry metrics are inherently uncertain or speculative in nature and actual results for any period could materially differ. Even if the markets in which we compete achieve the growth forecasted by an industry source like NAR or Fannie Mae, our business could fail to grow at similar rates, if at all. We may incur substantial and unexpected liabilities arising out of our legacy pension plan. We have a defined benefit pension plan for which participation was frozen as of July 1, 1997; however, the plan is subject to minimum funding requirements. Although the Company to date has met its minimum funding requirements, the pension plan represents a liability on our balance sheet and will continue to require cash contributions from us, which may increase beyond our expectations in future years based on changing market conditions. In addition, changes in interest rates, mortality rates, health care costs, early retirement rates, investment returns and the market value of plan assets can affect the funded status of our pension plan and cause volatility in the future funding requirements of the plan. We are responsible for certain of Cendant' s contingent and other corporate liabilities. Although we have resolved various Cendant contingent and other corporate liabilities and have established reserves for most of the remaining unresolved claims of which we have knowledge, adverse outcomes from the unresolved Cendant liabilities for which Anywhere Group has assumed partial liability under the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Anywhere Group, Wyndham Worldwide and Travelport could be material with respect to our earnings or cash flows in any given reporting period. Risks Related to an Investment in Our Common Stock The price of our common stock may fluctuate significantly. The market price for our common stock could fluctuate significantly for various reasons, many of which are outside our control, including, but not limited to, those described above and the following: • our quarterly or annual earnings or those of other companies in our industry; • our business and / or financial guidance, any revisions to such guidance and / or failure to achieve results consistent with such guidance; • our operating and financial performance and prospects; • future sales of substantial amounts of our common stock in the public market; • the incurrence of additional indebtedness or other adverse changes relating to our debt; • commencement of new, or adverse resolution of or developments in, legal or regulatory proceedings against the Company or the industry; • the public' s reaction to announcements concerning our business or our competitors' businesses; • changes in earnings estimates by securities analysts covering our stock **or if securities analysts cease publishing or publish unfavorable research about our business** ; • ratings changes or commentary by rating agencies on our debt; • press releases or other commentary by industry forecasters or other housing market participants; • market and industry perception of our success, or lack thereof, in pursuing our business strategy; • actual or potential changes in laws, regulations and legal and regulatory interpretations; • changes in housing or mortgage finance markets or other housing fundamentals, including changes in interest and mortgage rates; • changes in accounting standards, policies, guidance, interpretations or principles; • arrival and departure of key personnel; • actions of current or prospective stockholders **(including activists or several top stockholders acting alone or together)** that may cause temporary or speculative market perceptions, including market rumors and short selling activity in our stock; and • changes in general market, economic and political conditions in the United States and global economies or financial markets. If any of the foregoing occurs, it could cause our stock price to fall or experience volatility and may expose us to litigation, including class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management. Share repurchase programs could affect the price of our common stock and could be suspended or terminated at any time. Under the share repurchase program authorized by our Board of Directors in the first quarter of 2022, we are authorized to repurchase our common stock. Such program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. The actual timing, number and value of shares repurchased will be determined by us and may fluctuate based on a number of factors, including, but not limited to, our priorities for the use of cash, price, market and economic conditions, and legal requirements and contractual requirements (including compliance with the terms of our debt agreements). The share repurchase program may be suspended or terminated at any time. Repurchases pursuant to a share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could diminish our cash reserves. Even if such a share repurchase program was to be fully implemented, it may not enhance long- term stockholder value. We can provide no assurance that we will repurchase shares at favorable prices, if at all. Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares. We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and amended and restated bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board of Directors. Among other things, these provisions: • do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates; • delegate the sole power to a majority of the Board of Directors to fix the number of directors; • provide the power to our Board of Directors to fill any vacancy on our Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise; • authorize the issuance of" blank check" preferred stock without any need for action by stockholders; • eliminate the ability of stockholders to call special meetings of stockholders; • prohibit stockholders from acting by written consent; and • establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings. The foregoing factors could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock which, under certain circumstances, could reduce the market value of our common stock and our investors' ability to realize any potential change- in- control premium. We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board of Directors will have the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock. Item **1C. Cybersecurity The Board and management believe that cybersecurity is vital to protecting proprietary and confidential information, company operations and maintaining the trust of our customers, agents, franchisees, and employees. The Company has a cybersecurity risk management strategy and a governance framework to assess, identify and manage material risks from**

cybersecurity threats. As discussed below, the Company utilizes both internal and external resources as part of its cybersecurity program. Risk Management and Strategy Anywhere views its cybersecurity strategy through a multi-pronged lens encompassing prevention, detection and response to ensure holistic coverage of the program and our environments. Prevention. Our cybersecurity program starts with prevention, which includes risk assessment and identification and utilizing that information to design an effective layer of controls as a baseline. Our cybersecurity program includes robust risk assessment and identification processes that are aligned with our overall enterprise risk management (ERM) program. As part of the annual integrated risk assessment process, the cybersecurity team works with ERM, internal audit and our legal compliance function to assess and identify cybersecurity and related risks to our business. These risks are then included, as appropriate, in the updated ERM profile, and with top risks being addressed in the cybersecurity yearly plan. As part of that process, we utilize both internal and third- party resources to identify risks. In addition, Internal Audit regularly conducts operational audits of the cybersecurity processes. In evaluating the risks posed by third parties, our cybersecurity program also includes a dedicated function for Third Party Risk Management, that oversees the identification and mitigation of risk associated with outsourcing to third party vendors and service providers, particularly focused on vendors who process personal information, intellectual property, or other sensitive information. Finally, with regard to compliance risk, we utilize third party firms to help us determine compliance with industry standards and regulations. We also maintain a Data Privacy Steering Committee, which is a group of internal legal, risk and IT professionals, to assist management with fulfilling applicable data privacy regulations. In order to protect our assets, we utilize a multi- layer defense strategy to control who logs on to our network and uses our computers and other devices. We have enforced multi- factor authentication, implemented firewalls, and deployed a VPN alternative solution that delivers a zero trust model for access to our network and resources. We also protect our data through our use of security software, which is regularly updated, encryption of sensitive data, both at rest and in transit, and by conducting regular data backups. We have formal policies for safely disposing of electronic files and old devices and we train all employees annually on cybersecurity and their crucial role in protecting the Company' s assets. Detection. Our cybersecurity program includes robust tools and processes designed to detect breaches and other cybersecurity incidents as well as unauthorized access and unusual network activity. We utilize a security operations program with 24 / 7 monitoring by both internal and third parties that includes a variety of detection tools. We also utilize backstop detection and preventative measures, like malware detection. Response. Our Cyber Security Incident Response Plan (the " Response Plan ") provides the methodology used by the Company to identify and respond to cyber security incidents. The Response Plan serves as a guide to facilitate a consistent and systematic response to cyber security incidents and is designed to (a) prevent or minimize disruption of critical information systems; (b) minimize loss or theft of sensitive information and / or funds; (c) quickly and efficiently remediate, report (including any public or internal company communications or required reporting) and recover from cyber security incidents; and (d) provide a centralized enterprise investigations process. The Response Plan also provides for incorporating lessons learned after an event to prevent future breaches of the same nature. We utilize internal and external resources to evaluate the effectiveness and maturity of our cybersecurity program. We conduct regular penetration and vulnerability testing. We conduct annual tabletop exercises to test and iterate our Response Plan, while also providing training for the Response Plan working group. In addition, we conduct compliance training and regular phishing assessments for our employees. To date, we have not experienced any cybersecurity incidents that have materially affected, or are reasonably likely to materially affect, our business strategy, results of operations or financial condition. The cybersecurity risks that could materially affect Anywhere, including our business strategy, results of operations, or financial condition, are set forth in " Item 1A. — Risk Factors ". Governance Effective risk management is critical to Anywhere' s ability to achieve its strategy. The Board oversees management in exercising its responsibility for managing risk, considering our framework of policies, procedures, and processes to anticipate, identify, assess, prioritize, and mitigate risks across the Company. Our Audit Committee shares oversight responsibility with the full Board for our information security and technology risks, including cybersecurity. Anywhere' s Chief Information Security Officer (CISO) reports to the Audit Committee on a quarterly basis and once a year to the full Board on the cybersecurity program, including the Company' s cyber risks and threats, the status of projects to strengthen the Company' s information security systems, assessments of the Company' s security program and the emerging threat landscape. Two Audit Committee members have significant business experience with respect to cybersecurity risks, namely the chair of the committee, who oversaw information security and data privacy as an Enterprise Risk Officer of a Fortune 500 publicly- traded company and a member who is the Chief Product Data, Analytics and Technology Officer of a Fortune 500 publicly- traded company. While the Board and the committees oversee our risk management, our CEO and other members of senior management (including the Risk Management Committee) are primarily responsible for day- to- day risk management analysis and mitigation and report to the full Board or the relevant committee regarding risk management. We believe this division of responsibility is the most effective approach for addressing our risk management. Our CISO leads a dedicated internal Global Information Security (" GIS ") team that is responsible for leading enterprise- wide information cybersecurity strategy, policy, standards, architecture, and processes, all of which are designed to prevent, detect and respond to information security threats, as further described in " — Cybersecurity Strategy " above. The CISO' s experience includes more than 20 years in the security and fraud profession in multiple high- risk industries, including the critical infrastructure sector, and encompasses various cybersecurity leadership roles and almost seven years as a CISO. She is a Certified Information Systems Security Professional (CISSP) and has a Master' s Degree in Information Systems Management. In support of the GIS team, the CISO leads the Information Security Steering Committee, a group of internal security

leadership positions that ensure alignment between the company' s information security program and company objectives. Overseeing enterprise- wide risk management is our Risk Management Committee, chaired by our General Counsel and comprised of key members of our executive management team, including the CISO. The Risk Management Committee meets regularly and plays a core role in the identification, monitoring, mitigation, and management of the risks the Company faces and oversees our enterprise risk management framework, including cybersecurity and data protection / privacy. Through this dynamic risk assessment and governance process, the Risk Management Committee and Board consistently evaluate the risk environment and adjust the Company' s risk profile, including cybersecurity and data privacy risks, and focus as needed to respond to industry and macroeconomic changes and to protect the Company. Item 2. Properties.