PARTICIPANTS

Corporate Participants

Ryan M. Schneider – Director, Chief Executive Officer & President, Anywhere Real Estate, Inc.
Danielle Kloeblen – Senior Director-Investor Relations, Anywhere Real Estate, Inc.
Charlotte C. Simonelli – Executive Vice President, Chief Financial Officer & Treasurer, Anywhere Real Estate, Inc.

Other Participants

Justin Ages – Analyst, Berenberg Capital Markets LLC
Austin Jay Hayes – Analyst, Stephens
Anthony Paolone – Analyst, JPMorgan Securities LLC
Thomas McJoynt-Griffith – Analyst, Keefe, Bruyette & Woods, Inc.
Matthew Bouley – Analyst, Barclays Capital, Inc.
Kwaku Abrokwah – Analyst, Goldman Sachs & Co. LLC
Ryan McKeveny – Analyst, Zelman & Associates

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Good morning and welcome to our Second Quarter 2022 Earnings Conference Call and our first at Anywhere Real Estate. Before we begin, Ryan Schneider will share a perspective on our recent rebranding.

Ryan M. Schneider, Director, Chief Executive Officer & President, Anywhere Real Estate, Inc.

So, I'm so excited about this; a powerful existing business, a new focus on the consumer, meeting homebuyers and sellers anywhere in their real estate journey from just starting to search to that incredible keys-in-hand moments, and driving cultural change to deliver that future. So, I'm all in on it, right? And I'm actually – I'm so committed to this that I want to signal this broader change to the world as our current brand and identity have not kept up with our company's transformation. So, now is the time to move our brand to what's next, and I'm excited to announce Realogy will become Anywhere Real Estate.

Operator: Good morning and welcome to the Anywhere Real Estate's Second Quarter 2022 Earnings Conference Call via webcast. Today's call is being recorded and a written transcript will be made available in the Investor Information section of the company's website tomorrow. A webcast replay will also be made available on the company's website.

At this time, I would like to turn the conference over to Anywhere's Senior Director, Danielle Kloeblen. Please go ahead, Danielle.

Danielle Kloeblen, Senior Director-Investor Relations, Anywhere Real Estate, Inc.

Thank you, Abby. Good morning and welcome to the second quarter 2022 earnings conference call for Anywhere Real Estate, Inc. On the call with me today are Anywhere's CEO and President Ryan Schneider; and Chief Financial Officer, Charlotte Simonelli.

As shown on slide 3 of the presentation, the company will be making statements about its future results and other forward-looking statements during this call. These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive, litigation, regulatory and other uncertainties and contingencies, many of which are beyond the control of management, including, among others, rising inflation and mortgage rates, constrained inventory, declining affordability, and other macroeconomic concerns, as well as the impact of the foregoing on consumer demand. Actual results may differ materially from those expressed or implied in the forward-looking statements.

For those who listen to the rebroadcast of this presentation, we remind you that the remarks made herein are as of today, July 28, and have not been updated subsequent to the initial earnings call. Important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in our earnings release issued today, as well as in our annual and quarterly SEC filings.

Finally, on July 13, we announced new naming conventions to our business units, which followed our company's rebrand to Anywhere Real Estate, Inc. or Anywhere on June 9. During today's call, we will make reference to our reporting segments which are as follows: Anywhere Brands, formerly known as Realogy Franchise Group; Anywhere Advisors, formerly known as Realogy Brokerage Group; And Anywhere Integrated Services, formerly known as Realogy Title Group.

Now, I will turn the call over to our CEO and President, Ryan Schneider.

Ryan M. Schneider, Director, Chief Executive Officer & President, Anywhere Real Estate, Inc.

Thank you, Danielle. Welcome to our first earnings call as Anywhere Real Estate and our first earnings call following our May 12 Investor Day. We were excited for that Investor Day because it gave us a chance to share the powerful results of the first chapter of our company's transformation and to articulate our next chapter and strategic future.

As we said during our Investor Day, having improved our operating performance and fortified our balance sheet, we like our mix of businesses across the real estate transaction, especially our luxury leadership position. And beyond continuing to leverage our existing strengths, we're committed for the future to simplifying and reimagining the consumer experience, buying and selling a home.

And while delivering the future we laid out for you continues to be our priority, the biggest change since we last spoke has been the shift in the housing market. Record increases in mortgage rates to nearly double the levels they were a few months ago, combined with rising inflation and broader macroeconomic concerns have substantially changed buyer affordability, buyer demand, and seller expectations. And we saw that mostly later in the quarter, especially in June.

Now, remember, historically, we have said that a 50 to 100 basis points increase in mortgage rates is a big headwind for housing. And in the past few months, the industry has seen more like a 250 to 300-basis-point increase in mortgage rates, which has clearly changed the market. While we're now in a much more rapidly changing housing market, we believe our strategic progress and our financial strength have Anywhere well-positioned especially relative to many of our competitors to execute.

So, first, we generate profitability and free cash flow even in tougher housing markets like you'll see in our Q2 results. And we believe that investors are increasingly valuing delivery of those critical

metrics. Second, our balance sheet progress, our liquidity and our current low leverage ratios have us well-positioned for all parts of the housing cycle.

And finally, we're always very focused on cost. We deliver consistent cost reduction programs even during the very strong housing markets of the past few years. And this year, we've meaningfully increased our cost reduction plans as we see the housing market changing.

Now, consistent with this performance strength in both good and challenging housing markets, let me share our Q2 results. We delivered $2.1 billion in revenue and $202 million of operating EBITDA in Q2. While this is down from 2021's record $2.3 billion in revenue and $310 million in operating EBITDA, it's still a powerful financial result on both an absolute basis and relative to our competition.

Our Franchise segment again demonstrated its attractiveness and resilience. Its $204 million operating EBITDA was down only $20 million from 2021, while the market headwinds had greater direct effect on our frontline businesses like title, mortgage and owned brokerage.

And our transaction volume reflected the weakening housing market we've all observed. Our volume was down 6% year-over-year in the quarter, with units down about 15%. Our Own Brokerage business, which we now call Anywhere Advisors, transaction volume was flat to prior year. Our Franchise business, which we now call Anywhere Brands, transaction volume was down 9%. The difference was driven in part by geography, by the greater luxury mix for advisors, and by one meaningful acquisition.

We used our $70 million of free cash flow in the quarter and cash on hand to repurchase $45 million of shares to opportunistically purchase $60 million of our 2023 bonds at a discount and to continue to invest in the business. Our commitment to expanding to delivering more consumer products is unchanged. Since we last spoke, we've expanded access to our HomePlace app for consumers to two-thirds of our Coldwell Banker Realty footprint. And we like the direct to consumer engagement it is driving.

Our commitment to helping consumers and agents better sell their homes with great products continues. For example, the Listing Concierge product we showcased at Investor Day crossed an amazing threshold, with over 50% adoption among our Coldwell Banker Realty listings.

And those of you at Investor Day heard how much we love our Franchise business. While we're always expanding our network with new franchisees, we had a special result in Q2. In June, we were proud to help one of our great franchisees bring a leading luxury brokerage in Oregon into the Sotheby's International Realty Franchise Network. This new addition to our franchise network brings with it $2.5 billion in sales volume and over $60 million in gross commission income. This is the largest gross commission income addition ever to the Sotheby's International Realty franchise network, and the second-largest addition ever to any of the Anywhere Brands franchise networks.

Let me shift now to what we're seeing in the housing market. First, while most headlines are about price cuts relative to list price, the most important thing to always look at is home prices versus a year ago. We have had two years of double-digit price increases and even plus 11% price growth in Q2. That trend has now changed. Overall price for open contracts in June and July is up, but only in low-single digits. In our July open contract data, we see price still up in most markets. There was substantial moderation from the previous trend, e.g., price up about 5% in places like New York City, Texas, and California, prices flat in places like Florida and New Jersey.

Second, we entered 2022 estimating units would be down from 2021. That trend has accelerated, especially late in Q2. The new contracts we see opened in June and July are down about 20% versus the previous year. And this is substantially worse than what we saw in the market in both April and early May. And the most consistent feedback I'm hearing when talking with agents and

franchisees and looking at our data is the speed at which change is happening whether you're talking about buyer demand and expectations, seller expectations, or increased creativity getting deals done.

Now, looking ahead, the housing market volatility, the pace of change, and potential additional Fed actions together make it pretty tough to forecast the rest of the year. But like we've been doing all year, our goal is to provide you with transparency about what we're seeing in the market and what we are estimating in our business outlook. So, Charlotte will be sharing our operating EBITDA, volume, commission, and cost estimates later in this call.

So, as we close out Q2, we delivered good profitability and free cash flow. We invested to grow our business in the future and return capital to shareholders. We remain even more focused on cost in this rapidly changing housing market. And we remain confident in our ability to deliver financials, especially relative to many of our competitors.

I want to come back and make a few comments on the longer term. But first, let me turn over to Charlotte to discuss more details about Q2 and our updated estimates.

Charlotte C. Simonelli, Executive Vice President, Chief Financial Officer & Treasurer, Anywhere Real Estate, Inc.

Good morning, everyone. Before we get into the results for the quarter, I want to level set on the current macro backdrop and how our business remains forward-looking in an ever changing environment. As Ryan said, we have a strong foundation and we are well-equipped to navigate today's environment, responding with agility to volatility and uncertainty while remaining focused on our long-term objectives and values, which have made us so successful.

We are not immune to the challenges in the market, but we have shown we will flex our cost structure and strong balance sheet and liquidity in ways that are clearly an advantage for us. We believe we can be a net beneficiary as the current market landscape will naturally force winners and losers. The combination of our strong business model, the strategic investments we have made, the capabilities we have built, and our culture positions us well.

The key is making decisions that deliver today, while also staying committed to our strategy, which is designed to drive long-term value and which we believe positions us for success regardless of the macro environment. An example of this is our continued focus on improving our cost structure. We have proven we are relentless on our cost structure regardless of market conditions. In 2021, we delivered about $85 million in cost savings. For 2022, we originally budgeted about $70 million of cost savings. But given the current backdrop, we have targeted an additional $70 million-plus of both permanent and temporary cost savings for total full-year savings north of $140 million.

These additional savings are in three buckets. First, we have moved rapidly to respond to shifts in the housing market to right-size our costs, including purely variable, as well as semi-variable costs that are tied to volume, especially across our Brokerage and Title businesses. Second, we continue to reimagine and reduce our retail office footprint. And we have reduced our administrative office footprint, which is down almost 80% since Q1 2020. Finally, we continue to streamline our administrative support cost structure through RPA and other automation, as well as enhanced use of business analytics and technology tools, including Power BI, Hyperion and Advanced Analytics.

Another example of our success is our strong balance sheet and liquidity position. With over $800 million lower gross debt than Q2 2019, a long-dated maturity stack, lower cost of capital, and an untapped revolver, we have a lot of financial flexibility, and we believe our balance sheet is a competitive advantage. We generate attractive profitability and free cash flow even in more

challenging housing markets. And we recently moved to positive outlook from Moody's despite the market backdrop.

We remain committed to our plans to address the 2023 notes on or before maturity and have started to tackle this already in Q2 by purchasing $60 million of these bonds in the open market at a discount. And in July, we successfully executed an amendment and extension of our revolving credit facility. We were able to upsize the extended portion of the revolver to $1.1 billion and to extend the maturity to July 2027.

During Q2, we also repurchased $45 million in common stock, with about $255 million of repurchase authorization remaining. Looking forward, we will continue to balance these priorities with the impacts of the broader economy and our need to invest in the business as we look to advance our goal to make the transaction process simpler for consumers.

With that context, I will now briefly highlight our Q2 financial results. Q2 revenue was $2.1 billion, down $134 million or 6% year-over-year versus the unseasonably strong Q2 last year, and down about $100 million due to the partial sale of the underwriter business. Franchise, brokerage and title agency revenue drove the remainder of the decline, offset in part by growth in our relocation business.

Q2 operating EBITDA was $202 million, down $108 million due to softer franchise and brokerage transaction volume, higher agent commission costs and a decline in title earnings. Title, now Anywhere. Integrated Services, included a hit of about $20 million year-over-year due to the sale of the title underwriter. These impacts were offset in part by favorable relocation earnings that were driven by strong volume growth.

Cash on hand at the end of Q2 was $251 million, excluding restricted cash, and free cash flow was $70 million. We ended Q2 with a senior secured leverage ratio of 0.05 times and a net debt leverage ratio of 3.4 times. And we will continue to target a 3 times net leverage ratio through cycle moving forward.

As a reminder, we are now a full cash taxpayer and paid $42 million in cash taxes in the quarter, which impacted our free cash flow. We also had a big swing in our working capital, which contributed positive free cash flow last year, but was a drain this year due to growth in our relocation business and due to timing and lower accruals in the rest of our business.

Our Anywhere Brands business, which includes leads and relocation, generated $339 million in revenue and $204 million in operating EBITDA in the quarter. Our core franchise business is national in scope and skews to more average home sale prices, which makes it more directly impacted by the rise in mortgage rates and lower inventory. Despite near-term volume headwinds, our core franchise business has very attractive fundamentals, including a steady royalty stream and 70%-plus profit margin in the quarter.

Our relocation business generated favorable operating EBITDA in the quarter led by strong client initiation volume, which was up almost 40% year-over-year, including a resurgence of international volume.

Our Anywhere Advisors business, which skews high end with an average price point above $700,000 with our Coldwell Banker, Corcoran and Sotheby's International Realty brands, generated $1.8 billion in revenue and $11 million in operating EBITDA in the quarter. Advisors generated operating EBITDA of $127 million before the transfer of intercompany royalties and marketing fees paid to our franchise business.

We continue to invest in this business with Q2, our eighth consecutive quarter of agent growth, up 6% year-over-year like-for-like. Ongoing agent recruiting success, combined with agent mix, drove

most of the 236 basis points increase in commission splits versus prior year. Our retention rates also remained at historical highs in the quarter. Between our recruiting success and our retention numbers, you can see we are leaning in here to position us for future growth. And while this high-end recruiting success and record retention does bring with it some upward pressure on agent commission costs, albeit moderating slightly sequentially, we remain laser focused on driving profitable growth.

Anywhere Integrated Services delivered $144 million in revenue and $21 million in operating EBITDA in Q2. Q2 revenue reflects the absence of the title underwriter with the balance of the decline primarily due to lower refinance volumes. Operating EBITDA declined $34 million year-over-year, primarily due to the title underwriter sale with the remainder also due mostly to lower refinance volumes and $10 million lower mortgage JV earnings, driven by the abrupt uptick in mortgage rates.

Based on what we see today, our current view on transaction volume for the second half of 2022 is down about 10% to 20% year-over-year, which implies full-year volume down 6% to 11% year-over-year. Having earned $271 million year-to-date, this volume outlook, combined with our additional cost actions, 175-plus basis points in commission splits headwinds, and a few other moving pieces in our business has us today with our current estimate for full-year operating EBITDA between $600 million and $700 million.

We like our free cash flow delivery, but keep in mind our full-year conversion percentage will be lower, given we are now a full cash taxpayer and have negative impact due to working capital. We are laser focused on the $300 million cost savings target we announced at our Investor Day. This target spans 2022 through 2026, not including the incremental 2022 temporary sales just announced and will be delivered through reinvention of several parts of our business.

We will drive further integration among our title and owned brokerage businesses and automation on a much broader basis. Stepping back, we have been and continue to be relentless on costs and proactive on our balance sheet. We will move with speed and agility to not only deliver results today, but also invest selectively to continue to advance our strategy with our luxury focus, our reimagined costs footprint, and key technology advances, and consumer focus.

I will now turn the call over to Ryan for some closing remarks.

Ryan M. Schneider, Director, Chief Executive Officer & President, Anywhere Real Estate, Inc.

Look, it's clearly a dynamic time in the housing market and Anywhere Real Estate is well-positioned given our profitability and free cash flow delivery, our balance sheet, and liquidity strength, and our increasingly impactful consumer focus. And we believe we demonstrated those strengths with our Q2 result even given the market headwinds. And the current market volatility likely creates opportunities for Anywhere to use our strengths to enhance our market position relative to our competitors.

Now, looking to the future, the fundamentals for US housing actually remain quite strong, especially the demographic trends and the higher demand. And what will be most important in the future is changing the customer experience. We believe people will buy and sell houses in a spectrum of ways in the future, all anchored in an improved customer experience.

And so, we continue to invest to grow our future. That includes driving growth from our existing businesses, especially our franchise business and our luxury focus, increasing market share by utilizing our market-leading scale, incumbency strength, and exciting investments in products, technology, and talent, delivering great consumer experiences buying and selling a home. There are attractive economics, share gains, and competitive advantages to leading into this future.

And we must recognize that our true competitive set going forward is going to be different from the past. It is companies focused on the consumer experience that are likely to innovate, disrupt, change and win in this industry going forward. So, we're ready as Anywhere Real Estate to navigate and deliver during this challenging part of the housing cycle, while remaining focused on the innovation required to win in the future.

With that, we will take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And we will take our first question from Justin Ages with Berenberg Capital Markets. Your line is live.

<Q – Justin Ages – Berenberg Capital Markets LLC>: Thank you. Thanks for taking the question. Ryan, first one for you and a little bit general, I think. I was hoping you could help us understand how you plan to balance the kind of short-term operating environment that we're seeing right now with the vision that you'd laid out for us at the Investor Day, just the puts and takes to kind of achieving those long-term targets that you gave us.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Yeah. I know, it's a great question. We're clearly going through a changing housing market as we speak. Look, as we tried to talk about in the call, we're moving pretty quickly to adjust to what's happening in the market change. I think the emphasis on even more cost focus not just that we've had in the good markets but in a more challenging market, I think, was pretty clear and something that were excited about. And we're going to stay focused on that.

But we're not going to stop investing for the future. And we generate the free cash flow and profitability that allows us to do that. And so while we're adjusting kind of in real time to the change in the housing market, especially on the expense side, we have not pulled investments and things in the future because we still think this is where the industry is going to go and needs to go. And we need to be a leader in that journey.

<Q – Justin Ages – Berenberg Capital Markets LLC>: All right. That's helpful. Thank you. And the next one, somewhat related maybe for Charlotte. Just hoping to dig a bit deeper on the EBITDA guide, given the commentary that you're seeing – or that you gave about home prices moderating a bit, the transaction volume that's included in the EBITDA guide, that's going to be more on the unit side, is that how we should be thinking about it then?

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: No. The numbers that I provided were actually total volume based and like Ryan showed, we are seeing some price appreciation. So, I think it's a valid. You also have to remember like we are lapping our highest growth, and absolute month in Q2 and July of Q3 and, our comparisons start to become a little bit easier. We had like 85% volume growth in Q2 and I can't remember exactly what it was in Q3, but it was certainly a lot higher than it was in Q4, so – and especially in July.

So, I think you have to kind of take a little bit of the real time data and balance it with kind of what we're lapping from the prior year, but that 10% to 20% is volume. And the costs, we're going to continue to flex them. So, based on what we see today, we've taken actions that are commensurate with that. If things change, we will continue to take action. I think we've shown that, especially during COVID too, that we will move quickly. So, you have to balance our ability to continue to flex our cost base with whatever volatility we continue to see in volume.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Justin, one thing on the total volume, there's really three things to think about. One is what's going to happen with prices, what's going to happen with units, but also what's going to happen with our relative performance, right? So, you put those three things together, make whatever assumptions you want, and those three things kind of go into the range that we gave.

<Q – Justin Ages – Berenberg Capital Markets LLC>: Okay. That's helpful. Thank you both for taking the questions.

Operator: And we will take our next question from John Campbell with Stephens. Your line is open.

<Q – AJ Hayes – Stephens>: Hey, this is AJ Hayes stepping in for John Campbell. Thank you for taking my questions. Ryan, kind of continuing on this conversation here, can you speak to some of the market trends or leading indicators you're seeing so far in July, and how this market backdrop may give you confidence for this revised guidance here?

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Well. Yeah. I mean, look, it's – as I said, it's a rapidly changing market, AJ. So, we're just trying to give you what we see at the latest. It is kind of hard to predict. Look, you can find an anecdote for anything but if you look at the data I shared what we were seeing happening in price and in units in our portfolio. A couple other things you might find interesting. What we're seeing, if you go back into Q2 also, is we're actually taking more listings at $500,000 and up than we did the year before.

Conversely, there are less listings out there below $500,000, and I think that gets a little bit to some of the inventory issues and some of the seller and buyer expectations change I talked about. So, I find that to be interesting. And then in our portfolio at least, about half of our listings are still are going under contract in two weeks or less. That's down from about 60% of listings going under contract in two weeks or less last year, but that's still meaningfully above 2019, where it was like 35%. And all these things are moving fast out there. So, we're seeing more strength in markets like New York City and Texas and the Carolinas. Like I talked about on the call, Florida and New Jersey are much more kind of flat kind of areas.

And California has got a few headwinds, but we gave you the overall numbers, and that's just a little more color. It's moving pretty fast. We're watching it pretty closely. And that volume range Charlotte gave is a little wider, right, in part because of kind of that uncertainty on our side. But you really have kind of the latest data that we have, including some of these additional kind of examples I just gave here.

<Q – AJ Hayes – Stephens>: Great. Very helpful. And then maybe a quick one on RealSure here, I was curious are you seeing any read-throughs from RealSure? And then, additionally, is there any further traction from this business given the market backdrop? And have you seen an incremental uptick in the number of sellers you're seeing accept the competitive bid from RealSure?

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: That's a great question. Yeah, so, we like RealSure. We're continuing to invest in it. I think the biggest story on RealSure, like many of the other power buyers, I'd say, is a two-part thing. One is, from what we see both in our data and the market, I actually have some comments other people have made that they're kind of – this power-buying concept, I think, is here to stay, right? And we like the fact that we've got it and we can do it at scale. And so, I think it is here to stay.

But, you've seen, I think, most of the people who are in this part of the ecosystem pull back a little bit because of the market pullback. And we haven't pulled back out of any cities or anything like that but we'll probably invest a little bit less in RealSure just because there's a little less market for it right now, when the whole market's down the way it is.

But we really like it. We're continuing to invest in it. And most of what we've seen is a – our numbers and anecdotes that make us believe it's here for the long term as a concept and as part of us. But also that in the near term, it has to flex just like many of its competitors have flexed and like we're flexing into a bit of a different housing market.

<Q – AJ Hayes – Stephens>: Great. Thank you, and good luck the rest of the year.

Operator: We will now take our next question from Anthony Paolone with JPMorgan. Your line is open.

<Q – Tony Paolone – JPMorgan Securities LLC>: Great. Thank you. So, my first question is I was hoping to get some help with maybe bridging some of the comments you've made in the past about pushing for market share gains. And you also showed that your agent count, I think, was up you said 6%. So, that – those are positive. But when I look at your unit numbers in the quarter, they seem to underperform, NAR down about 15% versus 10%. And price wasn't up as much as some of the NAR data suggests. So, can you talk about just what's happening on the market share side and help bridge that a bit?

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Yeah. So, if we look back over time, I think our unit share has gone up over time. But we have gotten – or we think we've gotten a good amount of share gain also on price, which kind of leans into the luxury stuff that we do.

I would say right at the moment, Tony, the truth is I'm not 100% sure what's going on with our market share in Q2 of 2022. We don't have a clean comparison to give you, given the 8-K that we put out and some of the revisions and disclaimers that people – third parties have done with their data that we often compare to. So, we're looking at our market share comparisons like MLS data that covers about 80% of our business and some other stuff.

And all of these measures have challenges to it but we like our agent growth in the quarter. We like the kind of very, very high retention that we've had. We like the ability to bring in kind of a larger than usual franchisee. And we're going to continue to stay focused on that. And like the earlier question kind of asked, we're not coming off what we said in our Investor Day, which is growing our market share is going to be an important part of delivering the kind of financials we want to deliver for this group.

But as we sit here right in the second quarter, the data for the quarter is a little tough to judge, again given some of the disclaimers people have done about the data we sometimes compare to. So, we don't really have a clean comparison to give you but we like the pieces that we saw. And things do bounce around quarter-to-quarter but I think if you look over time we've been up on units, and kind of like the price luxury thing we've been doing. So, that's probably all I've got for you. It's a strange answer and it's kind of late breaking, so hopefully we'll have better comparisons for you in the future.

<Q – Tony Paolone – JPMorgan Securities LLC>: Okay. Fair enough. But then on that competitive landscape, you talked about splits being up at least 175 basis points, I think, which is fairly consistent with what you've talked about before. I mean what are you seeing on that side? Has anything shifted for the better or worse, given what's happening in the environment for housing?

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Yeah. So, a couple of thoughts on that. The quarter's agent commissions, which were up 236 basis points, the majority of that was driven by agent mix still and the recruiting and retention. So, most of that is driven by things we do control, the recruiting and retention, as well as the mix, which we kind of don't control. And with lower inventories and lower listings, the higher cost agents are definitely getting a higher share and continue to get a higher share of the transactions.

Now, for the full year, I said, 175-plus basis points on the year. So, what that implies is that the rate of increase is going to go down. Part of what drives that is some of the heavy recruiting we did last year on the high-end agents, we start to lap that. So, you're not increasing on top of an increase that you already had. So, part of that just diminishes because of the timing of the actions that we've taken, and part of that is driven by volume.

Now normally, you won't see the volume impact until the actual agents' tables reset. So, there's still more benefits from that to come. If volumes continue to go down, we're not routing for that,

obviously. So, the single biggest driver of why things should abate is mostly due to lapping heavy recruiting we did last year in the fourth quarter.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: And, Tony, I won't take a bunch of ownership here in the sense of we are here for profitable growth, and hopefully, you've seen that in times when we were willing to let the market share go if it was going to be negatively profitable. But part of the reason that we've got some of this upward pressure is we are excited about a bunch of the recruiting and retention success that we've had. And I would say in the last, I don't know, six to nine months, we've also kind of shifted and been doing more of our recruiting at the higher end or slashing some of the higher end markets in a way that's also driven some of the upward pressure here. And so, I think Charlotte sharing kind of a higher guidance number on this topic than we had last quarter is the right thing to do.

And I'm still intrigued by what – in a tough market what it might to do to the competitive environment because again even in a tougher market, we're throwing off some free cash flow. We make good amount of EBITDA, et cetera. It's probably too early to see how that translates into the agent recruiting and retention market, but I have a hypothesis or at least I hope that it would be a benefit to us.

And an early indicator I've got of that actually is, when we look at the industry numbers, Tony, we see about 19,000 agents moved in Q2. That's actually down from previous Q2s of like 25,000 or 30,000 agents moving. So, there's something going on and I think happening, and I think is – the market is tougher and companies are under more pressure, there may be some benefit to us here because we have the octane to keep pushing for more of this profitable growth.

But it does have a few of these ancillary hits like into the commission line sometimes. So, we'll see how it plays out but this environment may create some opportunities for a company like us that's got some strength, and has the desire for growth, and has the ability to do it still profitability albeit occasionally at less margin maybe than the average.

<Q – Tony Paolone – JPMorgan Securities LLC>: Got it. That's helpful. Thank you. And then just if I can one last one maybe for Charlotte, can you maybe help a bit on the free cash flow side? You had talked about, I think, some working capital needs over the year, but you've also been buying back some stock and debt and just trying to tie that together in the back half of the year.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Yeah. Sure. So, as I've said, we ended the year with $250-plus million of free cash flow. That's after we bought back the stock and retired $60 million of debt. But in the quarter, it was a pretty material impact on net working capital because if you think about last year, our volume was up about 85%, you're building accruals at that time, sizeable accruals tied to this gargantuan growth we had, our volume is down 6%, so there's a complete reversal there.

And then the securitization working capital had a material impact because as we start 40% up in client initiations in relo and then we start tapping into our securitization working capital. So, most of the negative hits from working capital have actually already hit year-to-date. But on a full-year basis, like, if you look back over time over the past five years, net working capital most years has started like neutral-ish, but there are certain years, like every three or four years, just because of timing. Like, last year, we basically accrued a bunch of expenses that got paid out in March, so it hit you this year. And like I said, it actually already hit us.

So, it can be the most material swing on our free cash flow conversion, and we expect it to be so this year. Taxes were nothing. They were like a nil impact to the free cash flow conversion. And now it's sort of in the low-double-digit numbers just because we're a full cash tax payer. So, hopefully, that helps.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Tony, it's Ryan. I'd love to make a comment here a little bit out of my lane but also just so you and our owners can know how I think about it, which is if you look back at our company, we're kind of a 40%-ish to whatever 70% free cash flow conversion company, right? And in strong earnings years and not a lot of working capital usewe're on the high side of that. In years, where our earnings are less/the working capital that Charlotte talked about were more like on the 40% side, right?

To me, I look at those cash taxes, and you can do the math on it, and it's basically 15% to 20% now that we're a full cash tax payer. So, in my head, I kind of reset my expectations for our free cash flow conversion range from 40% to 75% to more like 25% to 55% because of the cash tax pay. And then, again, kind of the EBITDA and working capital kind of swings for the year kind of push us to one end or the other of that. And I found that to be a helpful framework as I just think about both what we are delivering and what we're trying to deliver.

<Q – Tony Paolone – JPMorgan Securities LLC>: Got it. Okay. Thank you. Appreciate all that.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Thanks, Tony.

Operator: And we will take our next question from Tommy McJoynt with KBW. Your line is open.

<Q – Tommy McJoynt-Griffith – Keefe, Bruyette & Woods, Inc.>: Hey. Good morning, guys. Thanks for taking my question. So, we've seen some pretty meaningful divergence from the year-over-year trends and brands versus the high-end advisors. How much of that would you attribute to this type of comps last year versus general kind of outperformance in the luxury segment or maybe any another factors? And when do you think those factors should subside and bring those to payments growth rate back closer to parity?

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: It's a great question and thank you for asking it. And I think, Charlotte covered a little bit. When we – last year, in Q2, we had, whatever, it was 80-plus percent kind of year-over-year growth. The brands side, especially the luxury brands drove a huge piece of that, right? So, they're lapping something that's much tougher than kind of a lot of the rest of the portfolio. That is a piece of it.

But I tried to lay out the biggest three reasons. One was just geography, right, given how we're architected, New York City, for example. New York City was up 8 points of volume in Q2 when our portfolio was down negative 6 points, right? But New York – and New York City I think is our second biggest market as a company. But New York City is only on the advisor side, right? We don't really have a franchise presence of any size in New York City. So, what Corcoran and Sotheby's International Realty and Coldwell Banker did in New York City really was a swing. And it's just one example of the geography but it's like the most striking.

Second, those three brands on our own side, Corcoran and SIR and Coldwell Banker, do skew more luxury. And as you've heard in my listings, commentary and stuff like that, we really like what's going on with us in luxury, at least on a relative basis, if nothing else.

And then third, we did in April bring a franchisee into our owned area up in Seattle, it's a luxury market, we didn't have a presence then. It was a way to keep the franchisee who was exiting the business in our network. And you'll see in our press release that actually – without that, that was like 3 points of the difference basically on the adviser side. So, those three things are really what drove the difference.

I don't know if the geographic thing is going to kind of normalize and flatten out. I think the luxury outperformance will continue, and then obviously the acquisition will continue to carry into the numbers when you do year-over-year comparisons. So, that's how I'd answer it.

<Q – Tommy McJoynt-Griffith – Keefe, Bruyette & Woods, Inc.>: Thanks. And then switching over a little bit to the mortgage JV, we saw a sequential improvement despite a tough market for kind of mortgage broadly. Do you kind of have an outlook for that kind of segment in particular in the back half of the year and into next year?

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Yeah. We haven't shared a specific outlook. I would tell you that we think we're faring as good or better as other mortgage companies. We do highlight the sort of sequential improvement, so we are obviously taking actions to continue to balance the cost structure, et cetera. But we remain focused on growing our loan officer base, and like it applies across the broader business, too. So, we will continue to make selective investments for long-term growth because while it is painful in the short term, we like this business for the long term.

So, I don't expect it to be a material contributor to our EBITDA for the rest of the year just like most mortgage companies and again probably faring better than some of them, but ongoing we still have a lot of love for this business and think once we can get past the acute macro issues that we're experiencing right now that this is going to be a great business for us.

<Q – Tommy McJoynt-Griffith – Keefe, Bruyette & Woods, Inc.>: Okay. Thanks, Charlotte.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Thank you.

Operator: We will take our next question from Matthew Bouley with Barclays. Your line is open.

<Q – Matt Bouley – Barclays Capital, Inc.>: Hey. Good morning, everyone. Thank you for taking the questions. I wanted to follow up on the commission split outlook. It sounded like the assumptions around the second half of the year are more reflection of sort of a continuation of prior trends. And I think if I heard you right, it's not yet reflecting the changes to agent split tables. I'm just curious, I guess, is if transaction volumes play out the way you've guided, is there sort of a tangible benefit to commission splits as we think about 2023, or is this sort of constant upward pressure related to recruiting end up kind of outweighing that? Thank you.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Sure. At some point, if volumes were to continue to be down, the tables do reset. I mean, again, we're not rooting for a continued volume decreases. So, I think the one thing I would point you to is this mix piece, because it is material, and I think it ties into why we continue to heavily recruit at the high end, because in a world of low – until the inventory situation improves, a lot of the higher-end agents are just getting at a higher percentage of the transaction. So, it's important that we have a strong base on the higher-producing agents, which tend to cost more. So, we're going to continue to do that where it is profit positive for us.

Like Ryan said, you may have a bit of a margin hit, but the agent mix thing is the thing that we're – we would hope in the longer term does settle itself out, but it is correlated to inventories. So, I hope on the flip side of that, though, you have seen us be super proactive on our cost actions. And so, while we do want to invest in the higher-end agents and in our agent growth, and I also did mention we have continued historical high retention as well, so it's the value proposition that we're investing in, which helps us to balance splits for the longer term, but the cost saves are what we're focused on in the short term, too, to make sure that we have the right balance between investing for growth and splits versus profitability.

<Q – Matt Bouley – Barclays Capital, Inc.>: Got it. Okay. Thank you for that, Charlotte. And then, second one, just following up on the transaction volume guide, that discussion, I mean, it sounds like it's hard to make a call on share here as you mentioned given the 8-K and kind of inability to compare versus the market with that change in data. I think NAR yesterday spoke to something

more like a low-single digit decline in transaction volume dollars for the year just based on their assumptions around units and median price.

So, my question is given your assumption, is this sort of ripping the Band-Aid off and just kind of level-setting the market for a range of just weakening outcomes that could potentially happen or is this you're really looking into the past eight weeks of the business trends and saying that this assumption for the second half of the year is basically what's been happening for the past eight weeks. So, kind of is the assumption worsening or basically just kind of equivalent to what we've seen over the past eight weeks? Thank you.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: So, again, I think it's – given some of the disclaimers that people made about third-party data out there, it's tough to do price comparisons these days. Look, what we're trying to do here is just be as clear as possible on what we're seeing and kind of what we think the range would be kind of based off what we're seeing, not just in the moment, but even some of the trend stuff that we're seeing.

I think with putting prices aside kind of what we're seeing and what we're talking about on the unit side is I think kind of in the ZIP Code of what some other people have been forecasting. But again, ours is literally what we're seeing. And then we're coming up with our kind of range out of that.

On the price side, again, we gave you exactly what we're seeing. So, we've got that info for you. And then how we do on a relative basis, we'll see, right? But we do have the leading indicators we have, whether it's on the agent growth front or the franchise expansion front. So, as I kind of said, we're – for the last four years, we never gave you any guidance on this kind of stuff, right? I mean and there's a constituent of people listening to this call who told me it was a – that was a bad idea to not do that. This year has been a pretty challenging year and our estimates have never tried to be estimates that we guarantee are going to come to fruition, because I think it's a very hard thing to predict the housing market and the macro I think this year kind of showed that.

Because again, our volume is running consistent with our start of the year guidance for a big part of year 2022 but the world has changed quickly on us . So, what we're really trying to do here is just give you as much recent data as we can and kind of what we're literally estimating in our business from our perspective and we're not that interested in kind of trying to like be forecasters versus others, and who's right and who's wrong.

But we've literally shared with you our data through late July of what we're seeing, and then what we're assuming for the rest of the year based off that data and the trending that we're seeing. And giving you hopefully a framework that if you have a different view, you can plug that in and then you can address the other parts of our estimates for that.

But as we talked about – I talked about earlier, it's a little wider range than probably we'd like to provide you of our estimates in part because of the uncertainty of the prediction here for the second half of the year that's implied in your question. So, we hope the transparency and the view of our estimate is helpful. But they're also not tablets coming off a mountain written in stone that are guaranteed last for thousands of years.

<Q – Matt Bouley – Barclays Capital, Inc.>: Okay. All right.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: But the spirit of the wider range to try to put a very broad framework around what we think sort of the best case scenario could be and like sort of more your rip-the-Band-Aid-off scenario kind of thing. It's the – like Ryan said, we haven't provided these ranges in the past. So, there is some spirit there behind trying to do that for you guys.

<Q – Matt Bouley – Barclays Capital, Inc.>: Understood. Well, thank you, Charlotte. Thanks, Ryan.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Thank you.

Operator: And we will take our next question from Kwaku Abrokwah with Goldman Sachs. Your line is open.

<Q – Kwaku Abrokwah – Goldman Sachs & Co. LLC>: Hey, guys. Thanks for the call. And most of my questions were answered. But I just wanted to follow up on the free cash flow discussion here and sort of the relocation receivables. Just could you give us a sense of sort of, first, given that the receivables are going up, it seems like the relocation business is picking up again. Can you give us a little bit of an update on that business? And then second, where could that working capital usage go over the next year or so?

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Yeah. So, we're really pleased with our relocation business. The progress has been amazing. It's actually initiations are even up over 2019. So, not only is it rebounded, it's even better than it was before COVID hit. So, we continue to make investments in that business throughout COVID especially and after it because of all the success in the rest of our business and we think that business is well positioned.

So, yes, so what happens with the securitization is, as you start to build growth, you tap into it. But then, that it basically unwinds itself and usually, the securitization ends up being like a neutral factor on the year, it's just acute in the quarter. So, that should unwind as it sort of settles itself out. If we continue to grow more than 40%, it will continue to build. So, 40% was just a material number, and that's why it's so acute in the quarter.

As far as the next year for working capital, like I tried to say, we – the reason we have negative net working capital aside from the securitization is just timing of accruals. And because of the strength of our business over the past two years, there's accruals that sit in the business at year-end where the cash flow comes out in the first quarter to pay those accruals, and it was very material. And you can see it in our Q1 actuals. So, most of that between Q1 and Q2 is actually already hit. There can be some small variation, but going forward, once you've lapsed that, it should not continue to be a drain for us over the next 12 months.

<Q – Kwaku Abrokwah – Goldman Sachs & Co. LLC>: Perfect. And just to continue on some of the trends on the macro, like, I think when we were – when you guys were hosting the Investor Day, it seemed like the high end or the luxury end was really much more resilient than the other pricing – price points. And then something seemed to have happen in June. Can you just give us a little bit of the puts and takes as to how that transition sort of transpired, so to speak, and what you were seeing in the transition from May into June and potentially into early July?

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Well, yeah. I think the June – I mean, the June and July kind of drop-off was clearly across the market. But I think on a relative basis, from – in our portfolio at least – this may not be true for everybody, in our portfolio at least, the luxury stuff is still more resilient, right? And some of that is luxury's got a little more cash buyers. You don't have as much of the mortgage hit.

But I talked earlier about the kind of the luxury kind of part of our own brokerage business, kind of is part of the reason that business is outperforming the broader kind of more national franchise business. Our 500,000 and up listings are actually growing, right, not shrinking versus a year ago, whereas the mass market listings are dropping versus a year ago.

So, I think the whole market has moved, but I think the relative performance within the market may not be that much different, at least in our portfolio from what it was in May. And I think it's the same

reason, less impact on mortgage, kind of the fact that the higher end people are still doing well. And I think both sellers and buyers have kind of reset their expectations and that adjustment might be happening a little faster on the luxury side.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: And part of it, there was also the lap like Ryan called out. So, that business performed above way – above our 85% volume growth last year. Volume was very high contributor of that, so I think in part that the year-over-year lap is impacting things, too.

<Q – Kwaku Abrokwah – Goldman Sachs & Co. LLC>: Thank you, guys and best of luck for the rest of the year.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Thank you.

Operator: And we'll take our next question from Ryan McKeveny with Zelman & Associates. Your line is open.

<Q – Ryan McKeveny – Zelman & Associates>: Hey. Thank you, and good morning. Charlotte, so I know we're all very focused on the recent and near-term dynamics and certainly the incremental $70 million of cost savings this year makes sense. But can you help us think about kind of cost saving opportunities or incremental levers that could be pulled next year if transaction volume in 2023 is actually worse than 2022? And I'm also curious on actual kind of operating expense cost savings as opposed to some of the flex points around things like splits or commission rates or franchise royalties.

So, again, just kind of curious if on the OpEx cost savings, as you look into next years, there's still opportunity to take cost out of the business. And I know you've been on the path of cost savings for quite a few years. So, just not sure if the low-hanging fruit is already out of the business or if there's incremental opportunity going forward. Thank you.

<A – Charlotte Simonelli – Anywhere Real Estate, Inc.>: Thanks for the question. Yeah. So, we've committed to a $300 million-ish target for over the horizon of 2022 through 2026. So, hopefully, that does indicate I do believe there's a lot more costs that can be taken out of this business. And that's why I tried to articulate this temporary cost stuff that we're doing is not part of that because it can just be short-term things where we dramatically reduce expenses and discretionary spending one way or the other, but that's not how we would run our business going forward. So, I don't want that to be committed to try to deliver the $300 million.

A lot of what actually we do is flex our sort of our workforce model based on volume because if you can think about it, a pretty sizable portion of our employee base actually supports these transactions. And if there's 20% less transactions you have to do, it's a constant thing that we're doing and markets can be different. So, we're constantly flexing our workforce model relative to the amount of transactions that we need to handle both up and down. So, that's – and you can't really say that that's permanent cost savings because it's really just a flex based on volume. So, that's part of what we're doing this year.

The stuff that's part of our long-term plan that we shared at Investor Day is literally reimagining the transaction, which will be much more automated. And so, I feel very good about the $300 million target. I feel like there's definitely more room to go. Part of what we're dealing with right now is just flexing things based on some acute changes in the market, which we would normally do, whether it's 5%, 20%, any percent, whether it's up or down.

<Q – Ryan McKeveny – Zelman & Associates>: That's very helpful. Thanks for that color, Charlotte. And, Ryan, one for you, I wanted to dig in a bit on the M&A and investment environment. So, one of the things we're picking up on is it does seem that there's independents looking to

acquire, there's other independents looking to sell. I'm not sure if those dynamics have changed as the market has shifted over the last month or two. But we've also seen over the last year private equity interested in investing in well-run franchises or in some cases, independents. So, I guess, I'm just curious, are you seeing a shift in the market around just industry consolidation or attractive acquisition opportunities potentially for your business.

And kind of second piece of that is just into a more challenging macro backdrop, any thoughts on how you think about M&A or consolidation opportunities within the brokerage segment or maybe more so in the franchise side with potentially winding up deals or helping some of the franchisees potentially acquire and consolidate amongst themselves? Thank you.

<A – Ryan Schneider – Anywhere Real Estate, Inc.>: Yeah. So, I'll try to keep it brief here, so I know we're at time. Look, so we're trying to be pretty selective on M&A, kind of stuff that we do kind of either luxury-focused or the pricing has to be really attractive. And we're always out there trying to help either our franchisees make marriages or as I talked to in the Investor Day we've kind of helped some third-party capital kind of come into the industry among our franchise network, and so, we'll keep doing those things.

I think the market's changing so fast that I don't really have a new read on it. I would expect in a more challenging housing market for there to be more consolidation opportunities. I think consolidation is inevitable no matter what and I would expect the prices to adjust in a tougher market, which again, could be another place where our strength could let us take advantage of something relative to the competition. But it's a little too early to have a different set of data on that for you, so I probably just leave it there.

Operator: Ladies and gentlemen, this concludes today's conference call and we thank you for your participation. You may now disconnect.