



COLLIERS INTERNATIONAL GROUP INC.

Management's Discussion & Analysis

First Quarter | March 31, 2024

COLLIERS INTERNATIONAL GROUP INC.

Management's discussion and analysis
For the three months ended March 31, 2024
(in US dollars)
May 6, 2024

The following management's discussion and analysis ("MD&A") should be read together with the unaudited interim consolidated financial statements and the accompanying notes of Colliers International Group Inc. ("we," "us," "our," the "Company" or "Colliers") for the three months ended March 31, 2024 and the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2023. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All financial information herein is presented in United States dollars.

The Company has prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators (the "CSA"). Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the three months ended March 31, 2024 and up to and including May 6, 2024.

Additional information about the Company can be found on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

This MD&A includes references to "internal revenue growth rate", "Adjusted EBITDA", "local currency revenue and Adjusted EBITDA growth rate", "Adjusted EPS", "free cash flow" and "assets under management ("AUM")", which are financial measures that are not calculated in accordance with GAAP. For a reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures, see "Reconciliation of non-GAAP financial measures".

Consolidated review

Our consolidated revenues for the three months ended March 31, 2024 were \$1.00 billion, an increase of 4% versus the prior year (4% in local currency). The increase was attributable to robust growth in Outsourcing & Advisory, partly offset by continued challenges in Capital Markets due to ongoing interest rate uncertainty and heightened geopolitical tensions. GAAP diluted net earnings per share were \$0.26 as compared to a loss of \$0.47 in the prior year. Adjusted EPS (see "Reconciliation of non-GAAP financial measures" below) were \$0.77 relative to \$0.86 in the prior year. The decrease was attributable to (i) higher depreciation expense; (ii) lower co-invest equity earnings in our Investment Management operations; (iii) higher income taxes; and (iv) the dilutive impact from the recently completed equity offering, partly offset by (i) higher operating earnings and (ii) lower interest expense attributable to debt paydown with proceeds from the equity offering. GAAP diluted net earnings per share and adjusted earnings per share for the three months ended March 31, 2024 were not significantly impacted by changes in foreign exchange rates.

In February 2024, the Company completed a \$300 million bought deal public offering (the "Offering") of 2,479,500 subordinate voting shares at a price of \$121.00 per subordinate voting share. The net proceeds of \$286.9 million from the Offering, were used to repay balances outstanding on the Company's Revolving Credit Facility (the "Revolving Credit Facility"), creating additional capacity to fund potential future acquisition opportunities and growth initiatives.

In April 2024, the Company acquired its affiliate in Philadelphia, a commercial real estate services firm with 130 professionals in the US mid-Atlantic region providing landlord agency, tenant representation, investment sales brokerage and property management services.

Consolidated revenues by line of service

<i>(in thousands of US\$)</i> <i>(LC = local currency)</i>	Three months ended		Change	Change
	March 31		in US\$	in LC
	2024	2023	%	%
Outsourcing & Advisory	\$ 497,489	\$ 454,930	9%	9%
Investment Management ⁽¹⁾	122,521	120,746	1%	1%
Leasing	243,237	238,387	2%	2%
Capital Markets	138,733	151,840	-9%	-8%
Total revenues	\$ 1,001,980	\$ 965,903	4%	4%

(1) Investment Management local currency revenues, excluding pass-through carried interest, were down 1% for the three months ended March 31, 2024.

Results of operations – three months ended March 31, 2024

For the three months ended March 31, 2024, revenues were \$1.00 billion, up 4% relative to the prior year quarter (4% in local currency) on growth in Outsourcing & Advisory led by Engineering and Project Management, partly offset by a decline in Capital Markets. Internally generated revenues were up 2% while acquisitions contributed 2% to local currency revenue growth.

Operating earnings for the first quarter were \$43.3 million versus \$22.1 million in the prior year quarter. The operating earnings margin was 4.3% as compared to 2.3% in the prior year quarter, primarily attributable to (i) elevated Capital Markets revenues in Asia, particularly in Japan; (ii) the favourable impact of recent acquisitions; and (iii) lower contingent acquisition consideration expense related to recent acquisitions. Adjusted EBITDA (see “Reconciliation of non-GAAP financial measures” below) of \$108.7 million was up 4% versus \$104.6 million reported in the prior year quarter primarily attributable to the factors noted above. The Adjusted EBITDA margin was 10.8% in the quarter, flat compared to the prior year quarter.

Depreciation expense was \$15.4 million relative to \$12.6 million in the prior year quarter with the increase attributable to increased investments in software and the impact of recent business acquisitions.

Amortization expense was \$35.1 million, versus \$36.8 million recorded in the prior year quarter.

Net interest expense was \$19.9 million, versus \$22.8 million recorded in the prior year quarter with the proceeds from the Offering used to pay down floating rate debt in our Revolving Credit Facility. The average interest rate on debt during the period was 4.8%, relative to 4.2% in the prior year quarter.

Consolidated income tax expense for the quarter was \$10.0 million, relative to \$3.5 million in the prior year quarter. The current quarter’s effective tax rate of 41.4% versus 134.5% in the prior year quarter. Both the current and prior year period tax rate was impacted by the amortization of intangible assets and contingent acquisition consideration associated with an investment in the United Kingdom on which no tax benefit could be recognized.

Net earnings for the quarter were \$14.1 million versus a net loss of \$0.9 million in the prior year quarter.

Revenues in the Americas region totalled \$606.4 million, up 4% (4% in local currency) versus \$581.6 million in the prior year quarter attributable to higher Outsourcing & Advisory and Leasing revenues as well as the favourable impact of recent acquisitions. As expected, Capital Markets revenues were impacted by ongoing interest rate uncertainty. Adjusted EBITDA was \$54.9 million, up 2% (2% in local currency) relative to the prior year quarter on higher revenues. The GAAP operating earnings were \$29.0 million, relative to \$32.9 million in the prior year quarter.

EMEA region revenues totalled \$146.6 million, up 2% (down 1% in local currency) compared to \$143.4 million in the prior year quarter, attributable to lower transactional activity, particularly in Germany, partly offset by solid growth in Outsourcing & Advisory. Foreign exchange tailwinds positively impacted revenue growth by 3%. Adjusted EBITDA was a loss of \$12.0 million compared to a loss of \$11.3 million in the prior year quarter. The GAAP operating loss was \$20.5 million compared to \$25.0 million in the prior year quarter.

Revenues in the Asia Pacific region totalled \$126.4 million, up 5% (9% in local currency), compared to \$120.1 million in the prior year quarter. Revenue growth was driven by recent acquisitions and elevated Capital Markets activity in several markets in Asia, especially Japan. Foreign exchange headwinds negatively impacted revenue growth by 4%. Adjusted EBITDA was \$14.6 million, up 81% (88% in local currency) primarily on changes in service mix. The GAAP operating earnings were \$11.5 million, versus \$5.0 million in the prior year quarter.

Investment Management revenues were \$122.5 million relative to \$120.7 million in the prior year quarter, up 1% (1% in local currency). Passthrough revenues from historical carried interest were \$3.0 million versus nil in the prior year quarter. Excluding the impact of carried interest, revenue was essentially flat with the prior year (down 1% (1% in local currency)) due to softer fundraising activity as well as modest valuation adjustments to assets in perpetual funds. Adjusted EBITDA was \$52.9 million, down 4% (4% in local currency) compared to the prior year quarter because of increased investments in new products and strategies, and enhanced distribution capabilities primarily in the Middle East. The GAAP operating earnings were \$38.9 million in the quarter versus \$14.8 million in the prior year quarter. AUM was \$96.3 billion as of March 31, 2024 compared to \$98.2 billion as of December 31, 2023 and was primarily impacted by modest unrealized valuation adjustments, which were less than benchmark indices.

Unallocated global corporate costs as reported in Adjusted EBITDA were \$1.6 million in the first quarter, relative to \$0.9 million in the prior year quarter. The corporate GAAP operating loss for the quarter was \$15.7 million, versus \$5.5 million in the first quarter of 2023.

Summary of quarterly results

The following table sets forth our quarterly consolidated results of operations data. The information in the table below has been derived from unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a consistent basis and include all adjustments necessary for a fair presentation of information. The information below is not necessarily indicative of results for any future quarter.

Summary of quarterly results - years ended December 31, 2024, 2023 and 2022
(in thousands of US\$, except per share amounts)

	Q1	Q2	Q3	Q4
Year ended December 31, 2024				
Revenues	\$ 1,001,980			
Operating earnings	43,327			
Net earnings	14,136			
Basic net earnings per common share	0.26			
Diluted net earnings per common share	0.26			
Year ended December 31, 2023				
Revenues	\$ 965,903	\$ 1,078,038	\$ 1,056,032	\$ 1,235,168
Operating earnings	22,144	75,262	70,899	132,630
Net earnings (loss)	(907)	35,001	29,376	81,221
Basic net earnings (loss) per common share	(0.47)	(0.15)	0.53	1.42
Diluted net earnings (loss) per common share	(0.47)	(0.16)	0.53	1.42
Year ended December 31, 2022				
Revenues	\$ 1,000,912	\$ 1,127,846	\$ 1,108,324	\$ 1,222,405
Operating earnings	40,834	103,850	84,030	103,782
Net earnings	21,317	66,731	44,524	61,972
Basic net earnings (loss) per common share	(0.42)	0.70	0.28	0.52
Diluted net earnings (loss) per common share	(0.42)	0.67	0.27	0.51
Other data ¹				
Adjusted EBITDA - 2024	\$ 108,695			
Adjusted EBITDA - 2023	104,623	\$ 147,080	\$ 144,912	\$ 198,378
Adjusted EBITDA - 2022	121,461	161,313	145,065	202,686
Adjusted EPS - 2024	0.77			
Adjusted EPS - 2023	0.86	1.31	1.19	2.00
Adjusted EPS - 2022	1.44	1.84	1.41	2.31

¹ See "Reconciliation of non-GAAP financial measures"

Seasonality and quarterly fluctuations

The Company historically generates peak revenues and earnings in the month of December followed by a low in January and February as a result of the timing of closings on Capital Markets transactions. Revenues and earnings during the balance of the year are relatively even. Capital Markets operations comprised 16% of consolidated annual revenues for 2023. Variations can be caused by business acquisitions which alter the consolidated service mix.

Outlook for 2024

The Company is maintaining its outlook for 2024:

Measure	Actual 2023	2024 Outlook
Revenue growth	-3%	+5% to +10%
Adjusted EBITDA growth	-6%	+5% to +15%
Adjusted EPS growth	-23%	+10% to +20%

The financial outlook is based on the Company's best available information as of the date of this MD&A, and remains subject to change based on numerous macroeconomic, geopolitical, health, social and related factors. Continued interest rate volatility and/or lack of credit availability for commercial real estate transactions could materially impact the outlook.

Liquidity and capital resources

Net cash used in operating activities for the three months ended March 31, 2024 was \$137.6 million, versus \$132.6 million in the prior year. The decrease in cash from operations was driven primarily by a modest increase in working capital usage attributable to timing as well as higher contingent acquisition consideration paid. We believe that cash from operations and other existing resources, including our \$1.75 billion multi-currency Revolving Credit Facility, will continue to be adequate to satisfy the ongoing working capital needs of the Company.

For the three months ended March 31, 2024, capital expenditures were \$16.9 million (March 31, 2023 - \$18.9 million). Capital expenditures for the year ending December 31, 2024 are expected to be between \$75-\$80 million (December 31, 2023 - \$84.5 million) and expected to be funded by cash on hand.

Net indebtedness is considered a supplementary financial measure and as of March 31, 2024 was \$1.19 billion (\$1.32 billion as of December 31, 2023, \$1.44 billion as of March 31, 2023). Net indebtedness is calculated as the current and non-current portion of long-term debt (excluding the Convertible Notes and warehouse credit facilities, in accordance with our debt agreements) less cash and cash equivalents. As of March 31, 2024, the Company's financial leverage ratio expressed in terms of net debt to pro forma Adjusted EBITDA, as defined in our debt agreements, was 2.0x (2.2x as of December 31, 2023, 2.2x as of March 31, 2023), relative to a maximum of 3.5x permitted under our debt agreements. We were in compliance with the covenants contained in our debt agreements as of March 31, 2024 and, based on our outlook for 2024, we expect to remain in compliance with these covenants.

The Company's Revolving Credit Facility matures in May 2027. The Revolving Credit Facility is sustainability-linked and includes pricing adjustments tied to achievements of performance targets over time aligned with Colliers' Elevate the Built Environment framework available on corporate.colliers.com. These targets include: (i) reducing greenhouse gas emissions consistent with the Science-Based Targets initiative ("SBTI"); (ii) increasing female representation in management roles and (iii) ensuring Colliers-occupied offices obtain the WELL Health-Safety certification.

During the quarter, proceeds from the Offering were used to pay down outstanding balances under the Revolving Credit Facility. As of March 31, 2024, the Company had \$914.3 million of unused credit under the Revolving Credit Facility.

Colliers Mortgage utilizes warehouse credit facilities for the purpose of funding warehouse receivables. Warehouse receivables represent mortgage loans receivable, the majority of which are offset by borrowings under warehouse credit facilities which fund loans that financial institutions have committed to purchase. The warehouse credit facilities are excluded from the financial leverage calculations under our debt agreements.

The Company's accounts receivable facility (the "AR Facility") (which includes selected US and Canadian trade accounts receivable) with two third-party financial institutions has committed availability of \$200 million with maturity at October 24, 2024. The AR Facility is recorded as a sale of accounts receivable, and accordingly sold receivables are derecognized from the consolidated balance sheet. The AR Facility results in a decrease to our borrowing costs. As of March 31, 2024, the Company's draw under the AR Facility was \$180.1 million.

During 2023, the Company acquired warehouse fund assets located in Europe and the US, some of which were transferred to the respective funds during the year (see note 5 in our interim consolidated financial statements). During the three months

ended March 31, 2024, the Company acquired a real asset in the US while also divesting an investment from 2023 with de minimis gain. The Company recorded the corresponding assets and liabilities on the consolidated balance sheet. We expect to enter into similar transactions from time to time in the future to facilitate the formation of new Investment Management funds.

The Company pays semi-annual dividends in cash after the end of the second and fourth quarters to shareholders of record on the last business day of the quarter. The Company's policy is to pay dividends on its common shares in the future, subject to the discretion of our Board of Directors. On December 5, 2023, the Company's Board of Directors declared a semi-annual dividend of \$0.15 per share to shareholders of record on December 29, 2023, paid on January 12, 2024. Total common share dividends paid by the Company during the three months ended March 31, 2024 were \$7.1 million.

During the three months ended March 31, 2024, the Company invested cash in acquisitions as follows: \$3.2 million in purchases of redeemable non-controlling interest and \$2.7 million in contingent consideration payments. All acquisitions during the year were funded from borrowings on the Revolving Credit Facility and cash on hand (See note 4 in our consolidated financial statements). The Company expects to fund any future acquisitions from borrowings on the Revolving Credit Facility and cash on hand.

As at March 31, 2024, in relation to acquisitions completed during the past three years, we have outstanding contingent consideration, assuming all contingencies are satisfied and payment is due in full, totalling \$401.1 million (December 31, 2023 - \$404.5 million). Unless it contains an element of compensation, contingent consideration is recorded at fair value each reporting period. The fair value recorded on the consolidated balance sheet as at March 31, 2024 was \$40.8 million (December 31, 2023 - \$44.7 million). Contingent consideration with a compensatory element is revalued at each reporting period and recognized on a straight-line basis over the term of the contingent consideration arrangement. The liability recorded on the consolidated balance sheet for the compensatory element of contingent consideration arrangements as at March 31, 2024 was \$87.3 million (December 31, 2023 - \$90.5 million). The contingent consideration is based on achieving specified earnings levels and is paid or payable after the end of the relevant contingency periods, which extend to September 2028. We estimate that approximately 86% of the contingent consideration outstanding as of March 31, 2024 will ultimately be paid.

The following table summarizes our contractual obligations as at March 31, 2024:

Contractual obligations (in thousands of US\$)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	\$ 1,344,152	\$ 11,244	\$ 207	\$ 1,048,724	\$ 283,977
Warehouse credit facilities	21,403	21,403	-	-	-
Liabilities related to warehouse fund assets	84,545	-	84,545	-	-
Interest on long-term debt ⁽¹⁾	71,368	12,456	23,312	19,032	16,568
Finance lease obligations	6,224	1,661	3,296	1,267	-
Contingent acquisition consideration ⁽²⁾	40,843	36,211	4,512	-	120
Operating leases obligations	670,463	110,167	171,620	129,363	259,313
Purchase commitments	64,576	31,847	20,640	2,942	9,147
Co-investment Commitments	43,179	43,179	-	-	-
Total contractual obligations	\$ 2,346,753	\$ 268,168	\$ 308,132	\$ 1,201,328	\$ 569,125

(1) Figures do not include interest payments for borrowings under the Revolving Credit Facility. Assuming the Revolving Credit Facility is held until maturity, using current interest rate, we estimate that we will make \$183.8 million of interest payments, \$58.2 million of which will be made in the next 12 months.

(2) Estimated fair value as at March 31, 2024.

At March 31, 2024, we had commercial commitments totaling \$24.9 million comprised of letters of credit and bank guarantees outstanding due to expire within one year.

Redeemable non-controlling interests

In most operations where managers or employees are also non-controlling owners, the Company is party to shareholders' agreements. These agreements allow us to "call" the redeemable non-controlling interests ("RNCI") at a value determined with the use of a formula price, which is in most cases equal to a multiple of trailing two-year average earnings, less debt. Non-controlling owners may also "put" their interest to the Company at the same price, with certain limitations including (i) the inability to "put" more than 25% to 50% of their holdings in any twelve-month period and (ii) the inability to "put" any holdings for at least one year after the date of our initial acquisition of the business or the date the non-controlling shareholder acquired their interest, as the case may be.

The total value of the RNCI (the "redemption amount"), as calculated in accordance with shareholders' agreements, was \$920.4 million as of March 31, 2024 (December 31, 2023 - \$943.2 million). The amount recorded on our balance sheet under the caption "redeemable non-controlling interests" is the greater of (i) the redemption amount (as above) or (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. As at March 31, 2024, the RNCI recorded on the balance sheet was \$1.06 billion (December 31, 2023 - \$1.07 billion). The purchase prices of the RNCI may be paid in cash or in Subordinate Voting Shares of Colliers.

Critical accounting estimates

Critical accounting estimates are those that we deem to be most important to the portrayal of our financial condition and results of operations, and that require management's most difficult, subjective or complex judgments due to the need to make estimates about the effects of matters that are inherently uncertain. We have identified six critical accounting estimates, which are discussed below.

1. *Revenue recognition.* We earn revenues from Leasing and Capital Markets brokerage transaction commissions, advisory fees, debt finance fees, property management fees, project management fees, engineering and design fees, loan servicing fees and investment management fees (including carried interest). Some of the contractual terms related to the process of earning revenue from these sources, including potentially contingent events, can be complex and may require us to make judgments about the timing of when we should recognize revenue and whether revenue should be reported on a gross basis or net basis. Changes in judgments could result in a change in the period in which revenues are reported, or in the amounts of revenue and cost of revenue reported.
2. *Goodwill.* Goodwill impairment testing involves assessing whether events have occurred that would indicate potential impairment and making estimates concerning the fair values of reporting units and then comparing the fair value to the carrying amount of each unit. The determination of what constitutes a reporting unit requires significant management judgment. We have four reporting units, consistent with our four operating segments. Goodwill is attributed to the reporting units at the time of acquisition. Estimates of fair value can be impacted by changes in the business environment, prolonged economic downturns or declines in the market value of the Company's own shares and therefore require significant management judgment in their determination. When events have occurred that would suggest a potential decrease in fair value, the determination of fair value is calculated with reference to a discounted cash flow model which requires management to make certain estimates. The most sensitive estimates are estimated future cash flows and the discount rate applied to future cash flows. Changes in these assumptions could result in a materially different fair value.
3. *Business combinations.* The determination of fair values of assets acquired and liabilities assumed in business combinations requires the use of estimates and management judgment, particularly in determining fair values of intangible assets acquired. For example, if different assumptions were used regarding the profitability and expected attrition rates of acquired customer relationships or forecasted committed capital and assets under management related to asset management contracts, different amounts of intangible assets and related amortization could be reported.
4. *Contingent acquisition consideration.* Contingent consideration is required to be measured at fair value at the acquisition date and at each balance sheet date until the contingency expires or is settled. The fair value at the acquisition date is a component of the purchase price; subsequent changes in fair value are reflected in earnings. Most acquisitions made by us have a contingent consideration feature, which is usually based on the acquired entity's profitability (measured in terms of Adjusted EBITDA) during a one to five year period after the acquisition date. Significant estimates are required

to measure the fair value of contingent consideration, including forecasting profits for the contingency period and the selection of an appropriate discount rate.

5. *Mortgage servicing rights ("MSRs").* MSRs, or the rights to service mortgage loans for others, result from the sale or securitization of loans originated by the Company and are recognized as intangible assets on the consolidated balance sheet. The Company initially recognizes MSRs based on the fair value of these rights on the date the loans are sold. Subsequent to initial recognition, MSRs are amortized and carried at the lower of amortized cost or fair value. They are amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections and timing of estimated future net cash flows.
6. *Allowance for credit loss reserves.* Colliers Mortgage is obligated to share in losses, if any, related to mortgages originated under the Fannie Mae Delegated Underwriting and Servicing ("DUS") Program. These obligations expose the Company to credit risk on mortgage loans for which the Company is providing underwriting, servicing, or other services under the DUS Program. Net losses on defaulted loans are shared with Fannie Mae based upon established loss-sharing ratios, and typically, the Company is subject to sharing up to one-third of incurred losses on loans originated under the DUS Program. As of March 31, 2024, the Company has funded and sold loans subject to such loss sharing obligations with an aggregate unpaid principal balance of approximately \$5.2 billion. As at March 31, 2024, the loss reserve was \$12.8 million (December 31, 2023 - \$12.8 million) and was included within Other liabilities on the consolidated balance sheet.

Reconciliation of non-GAAP financial measures

In this MD&A, we make reference to certain financial measures that are not calculated in accordance with GAAP.

Adjusted EBITDA is defined as net earnings, adjusted to exclude: (i) income tax; (ii) other expense (income); (iii) interest expense; (iv) depreciation and amortization, including amortization of mortgage servicing rights ("MSRs"); (v) gains attributable to MSRs; (vi) acquisition-related items (including contingent acquisition consideration fair value adjustments, contingent acquisition consideration-related compensation expense and transaction costs); (vii) restructuring costs and (viii) stock-based compensation expense. We use Adjusted EBITDA to evaluate our own operating performance and our ability to service debt, as well as an integral part of our planning and reporting systems. Additionally, we use this measure in conjunction with discounted cash flow models to determine the Company's overall enterprise valuation and to evaluate acquisition targets. We present Adjusted EBITDA as a supplemental measure because we believe such measure is useful to investors as a reasonable indicator of operating performance because of the low capital intensity of the Company's service operations. We believe this measure is a financial metric used by many investors to compare companies, especially in the services industry. This measure is not a recognized measure of financial performance under GAAP in the United States, and should not be considered as a substitute for operating earnings, net earnings or cash flow from operating activities, as determined in accordance with GAAP. Our method of calculating Adjusted EBITDA may differ from other issuers and accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to Adjusted EBITDA appears below.

<i>(in thousands of US\$)</i>	Three months ended	
	March 31	
	2024	2023
Net earnings (loss)	\$ 14,136	\$ (907)
Income tax	9,970	3,539
Other income, including equity earnings from non-consolidated investments	(651)	(3,320)
Interest expense, net	19,872	22,832
Operating earnings	43,327	22,144
Depreciation and amortization	50,508	49,492
Gains attributable to MSRs	(1,315)	(3,035)
Equity earnings from non-consolidated investments	436	3,154
Acquisition-related items	1,940	26,468
Restructuring costs	7,111	743
Stock-based compensation expense	6,688	5,657
Adjusted EBITDA	\$ 108,695	\$ 104,623

Adjusted EPS is defined as diluted net earnings per share adjusted for the effect, after income tax, of: (i) the non-controlling interest redemption increment; (ii) amortization expense related to intangible assets recognized in connection with acquisitions and MSRs; (iii) gains attributable to MSRs; (iv) acquisition-related items; (v) restructuring costs and (vi) stock-based compensation expense. We believe this measure is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company and enhances the comparability of operating results from period to period. Adjusted EPS is not a recognized measure of financial performance under GAAP, and should not be considered as a substitute for diluted net earnings per share from continuing operations, as determined in accordance with GAAP. Our method of calculating this non-GAAP measure may differ from other issuers and, accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted net earnings and of diluted net earnings per share to adjusted EPS appears below.

Similar to GAAP diluted EPS, Adjusted EPS is calculated using the "if-converted" method of calculating earnings per share in relation to the Convertible Notes, which were fully converted or redeemed by June 1, 2023. As such, the interest (net of tax) on the Convertible Notes is added to the numerator and the additional shares issuable on conversion of the Convertible Notes are added to the denominator of the earnings per share calculation to determine if an assumed conversion is more dilutive than no assumption of conversion. The "if-converted" method is used if the impact of the assumed conversion is dilutive. The "if-converted" method is dilutive for the Adjusted EPS calculation for all periods where the Convertible Notes were outstanding.

<i>(in thousands of US\$)</i>	Three months ended March 31	
	2024	2023
Net earnings (loss)	\$ 14,136	\$ (907)
Non-controlling interest share of earnings	(8,921)	(10,941)
Interest on Convertible Notes	-	2,300
Amortization of intangible assets	35,086	36,843
Gains attributable to MSRs	(1,315)	(3,035)
Acquisition-related items	1,940	26,468
Restructuring costs	7,111	743
Stock-based compensation expense	6,688	5,657
Income tax on adjustments	(11,127)	(11,348)
Non-controlling interest on adjustments	(6,130)	(5,153)
Adjusted net earnings	\$ 37,468	\$ 40,627

<i>(in US\$)</i>	Three months ended March 31	
	2024	2023
Diluted net earnings (loss) per common share ⁽¹⁾	\$ 0.26	\$ (0.42)
Interest on Convertible Notes, net of tax	-	0.04
Non-controlling interest redemption increment	(0.15)	0.17
Amortization expense, net of tax	0.47	0.48
Gains attributable to MSRs, net of tax	(0.01)	(0.04)
Acquisition-related items	(0.02)	0.52
Restructuring costs, net of tax	0.11	0.01
Stock-based compensation expense, net of tax	0.11	0.10
Adjusted EPS	\$ 0.77	\$ 0.86

Diluted weighted average shares for Adjusted EPS (thousands)	48,845	47,422
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⁽¹⁾ Amounts shown reflect the "if-converted" method's dilutive impact on the Adjusted EPS calculation.

We believe that the presentation of Adjusted EBITDA and Adjusted earnings per share, which are non-GAAP financial measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. We use these non-GAAP financial measures when evaluating operating performance because we believe that the inclusion or exclusion of the items described above, for which the amounts

are non-cash or non-recurring in nature, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of the Company. Adjusted EBITDA and adjusted earnings per share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs or benefits associated with the operations of our business as determined in accordance with GAAP. As a result, investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP.

Percentage revenue and AEBITDA variances presented on a local currency basis are calculated by translating the current period results of our non-US dollar denominated operations to US dollars using the foreign currency exchange rates from the periods against which the current period results are being compared. Percentage revenue variances presented on an internal growth basis are calculated assuming no impact from acquired entities in the current and prior periods. Revenue from acquired entities, including any foreign exchange impacts, are treated as acquisition growth until the respective anniversaries of the acquisitions. We believe that these revenue growth rate methodologies provide a framework for assessing the Company's performance and operations excluding the effects of foreign currency exchange rate fluctuations and acquisitions. Since these revenue growth rate measures are not calculated under GAAP, they may not be comparable to similar measures used by other issuers.

Adjusted EBITDA from recurring revenue percentage is computed on a trailing twelve-month basis and represents the proportion of Adjusted EBITDA that is derived from Outsourcing & Advisory and Investment Management service lines. Both these service lines represent medium to long-term duration revenue streams that are either contractual or repeatable in nature. Adjusted EBITDA for this purpose is calculated in the same manner as for our debt agreement covenant calculation purposes, incorporating the expected full year impact of business acquisitions and dispositions.

Free cash flow is defined as net cash flow from operating activities plus contingent acquisition consideration paid, less purchases of fixed assets, plus cash collections on AR Facility deferred purchase price less distributions to non-controlling interests. We use free cash flow as a measure to evaluate and monitor operating performance as well as our ability to service debt, fund acquisitions and pay dividends to shareholders. We present free cash flow as a supplemental measure because we believe this measure is a financial metric used by many investors to compare valuation and liquidity measures across companies, especially in the services industry. This measure is not a recognized measure of financial performance under GAAP in the United States, and should not be considered as a substitute for operating earnings, net earnings or cash flow from operating activities, as determined in accordance with GAAP. Our method of calculating free cash flow may differ from other issuers and accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net cash flow from operating activities to free cash flow appears below.

<i>(in thousands of US\$)</i>	Three months ended	
	March 31	
	2024	2023
Net cash used in operating activities	\$ (137,615)	\$ (132,568)
Contingent acquisition consideration paid	2,738	272
Purchase of fixed assets	(16,873)	(18,883)
Cash collections on AR Facility deferred purchase price	33,918	30,772
Distributions paid to non-controlling interests	(10,306)	(11,061)
Free cash flow	\$ (128,138)	\$ (131,468)

We use the term assets under management ("AUM") as a measure of the scale of our Investment Management operations. AUM is defined as the gross market value of operating assets and the projected gross cost of development assets of the funds, partnerships and accounts to which we provide management and advisory services, including capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our definition of AUM may differ from those used by other issuers and as such may not be directly comparable to similar measures used by other issuers.

Recently adopted accounting guidance

Reference Rate Reform

The FASB has issued three ASUs related to reference rate reform. In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and in January 2021 the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*. With reference rates like the various tenors of the London Interbank Offered Rates ("LIBOR") being discontinued between December 31, 2021 and June 30, 2023, a significant volume of contracts and other arrangements will be impacted by the transition required to alternative reference rates. The ASUs provides optional expedients and exceptions to reduce the costs and complexity of applying existing GAAP to contract modifications and hedge accounting if certain criteria are met. The standard is effective for a limited time for all entities through December 31, 2022. In December 2022, FASB issued ASU No. 2022-06 *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, with immediate effect, to defer the sunset date from December 31, 2022 to December 31, 2024, after which the entities will no longer be permitted to apply the relief in Topic 848. The Company has certain debt arrangements which may qualify for use of the practical expedients permitted under the guidance. The Company has evaluated and will continue to evaluate arrangements subject to rate reform and the options under the ASUs to facilitate an orderly transition to alternative reference rates and their potential impacts on its consolidated financial statements and disclosures.

Recently issued accounting guidance, not yet adopted

Improvements to Reportable Segment Disclosures

In November 2023, FASB issued ASU No. 2023-07 *Improvements to Reportable Segment Disclosures*. The amendments in this update improve financial reporting by requiring disclosure of incremental segment information on an interim and annual basis, primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted with retrospective application to all prior periods presented in the financial statements. The Company is currently assessing the impacts of this ASU on its disclosures for the year ended December 31, 2024.

Improvements to Income Tax Disclosures

In December 2023, FASB issued ASU No. 2023-09 *Improvements to Income Tax Disclosures*. The amendments in this update encourage transparency in income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The amendments are effective for annual periods beginning after December 15, 2024 with early adoption permitted and should be applied on a prospective basis, however, retrospective application is permitted. The Company is currently assessing the impacts of this ASU on its disclosures.

Financial instruments

We use financial instruments as part of our strategy to manage the risk associated with interest rates and currency exchange rates. We do not use financial instruments for trading or speculative purposes. In December 2018 (amended in May 2022), the Company entered into interest rate swap agreements to convert the SOFR floating interest rate on \$100.0 million of US dollar denominated debt into a fixed interest rate of 2.6026% plus the applicable margin. These swaps matured on April 30, 2023.

In July and December 2022, the Company entered into similar interest rate swap agreements (the "2022 IRS") to hedge an additional \$150.0 million and \$250.0 million of US dollar borrowings under the Revolving Credit Facility at fixed interest rates of 2.8020% and 3.5920%, respectively. In April 2023 and December 2023, the Company entered into another similar swap agreement (the "2023 IRS") to hedge an additional \$100.0 million and \$100.0 million of US dollar borrowings under the Revolving Credit Facility at a fixed interest rate of 3.7250% and 4.000%, respectively. The 2022 IRS and 2023 IRS have a maturity of May 27, 2027. The swaps are measured at fair value on the consolidated balance sheet. Gains or losses on the 2022 IRS and 2023 IRS, which are determined to be effective as hedges, are reported in other comprehensive income.

Financial instruments involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. If we have financial instruments outstanding and such events occur, our results of operations and financial position may be adversely affected.

Transactions with related parties

As at March 31, 2024, the Company had \$2.4 million of loans receivable from shareholders of subsidiaries (December 31, 2023 - \$2.8 million). The majority of the loans receivable represent amounts to finance the sale of non-controlling interests in subsidiaries to senior managers. The loans are of varying principal amounts and interest rates which range from nil to 7.48%. These loans are due on demand or mature on various dates up to 2032 but are open for repayment without penalty at any time.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of preference shares, issuable in series, an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. The holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held at all meetings of the shareholders of the Company. The holders of Multiple Voting Shares are entitled to twenty votes in respect of each Multiple Voting Share held at all meetings of the shareholders of the Company. Each Multiple Voting Share is convertible into one Subordinate Voting Share at any time at the election of the holders thereof.

As of the date hereof, the Company has outstanding 48,905,682 Subordinate Voting Shares and 1,325,694 Multiple Voting Shares. In addition, as at the date hereof 3,039,750 Subordinate Voting Shares are issuable upon exercise of options granted under the Company's stock option plan.

On July 17, 2023, the Company announced a Normal Course Issuer Bid ("NCIB") effective from July 20, 2023 to July 19, 2024. The Company may repurchase up to 4,000,000 Subordinate Voting Shares on the open market pursuant to the NCIB.

Canadian tax treatment of common share dividends

For the purposes of the enhanced dividend tax credit rules contained in the *Income Tax Act (Canada)* and any corresponding provincial and territorial tax legislation, all dividends (and deemed dividends) paid by us to Canadian residents on our Subordinate Voting Shares and Multiple Voting Shares are designated as "eligible dividends". Unless stated otherwise, all dividends (and deemed dividends) paid by us hereafter are designated as "eligible dividends" for the purposes of such rules.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to permit timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at March 31, 2024. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at March 31, 2024.

Changes in internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well-designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at March 31, 2024, our internal control over financial reporting was effective.

During the three months ended March 31, 2024, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Legal proceedings

There are no legal proceedings to which Colliers is a party to, or in respect of which, any of the property of Colliers is the subject of, which is or was material to Colliers during 2024, and Colliers is not aware of any such legal proceedings that are contemplated. In the normal course of operations, Colliers is subject to routine immaterial claims and litigation incidental to its business. Litigation currently pending or threatened against Colliers includes disputes with former employees and commercial

liability claims related to services provided by Colliers. Colliers believes resolution of such proceedings, combined with amounts set aside, will not have a material impact on the Company's financial condition or the results of operations.

Forward-looking statements and risks

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "anticipate," "estimate," "plan," "expect," "intend," "may," "project," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to those set out below and those set out in detail in the "Risk Factors" section of the Company's Annual Information Form:

- Economic conditions, especially as they relate to rising interest rates, commercial and consumer credit conditions and business spending, particularly in regions where our operations may be concentrated.
- Rising inflation and its impact on compensation costs, hiring and retention of talent, and the Company's ability to recover costs from our clients.
- Political conditions, including political instability, any outbreak or escalation of hostilities, elections, referenda, trade policy changes, immigration policy changes and terrorism and the impact thereof on our business.
- Commercial real estate and real asset values, vacancy rates and general conditions of financial liquidity for transactions.
- The effect of significant movements in average capitalization rates across different property types.
- A change in or loss of our relationship with US government agencies.
- Defaults by borrowers on loans originated under the Fannie Mae DUS Program.
- A reduction by clients in their reliance on outsourcing for their commercial real estate needs.
- Competition in the markets served by the Company.
- The impact of changes in the market value of assets under management on the performance of our Investment Management business.
- A decline in our ability to fundraise in our Investment Management operations, or an increase in redemptions from our perpetual funds and separately managed accounts.
- A decline in our ability to attract, recruit and retain talent.
- A decline in our performance impacting our continued compliance with the financial covenants under our debt agreements, or our ability to negotiate a waiver of certain covenants with our lenders.
- The effect of increases in interest rates on our cost of borrowing.
- Unexpected increases in operating costs, such as insurance, workers' compensation and health care.
- Changes in the frequency or severity of insurance incidents relative to our historical experience.
- The effects of changes in foreign exchange rates in relation to the US dollar on the Company's Canadian dollar, Euro, Australian dollar and UK pound sterling denominated revenues and expenses.
- A decline in our ability to identify and make acquisitions at reasonable prices and successfully integrate acquired operations.
- Disruptions, cyber attacks or security failures in our information technology systems, and our ability to recover from such incidents.
- The ability to comply with laws and regulations related to our global operations, including real estate and mortgage banking licensure, labour and employment laws and regulations, as well as the anti-corruption laws and trade sanctions.
- Changes in climate and environment-related policies that directly impact our businesses.
- Changes in government laws and policies at the federal, state/provincial or local level that directly impact our businesses.

We caution that the foregoing list is not exhaustive of all possible factors, as other factors could adversely affect our results, performance or achievements. The reader is cautioned against undue reliance on these forward-looking statements. Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in such forward-looking statements will be realized. The inclusion of such forward-looking statements should not be regarded as a representation by the Company or any

other person that the future events, plans or expectations contemplated by the Company will be achieved. We note that past performance in operations and share price are not necessarily predictive of future performance. We disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

Additional information

Additional information about Colliers, including our Annual Information Form for the year ended December 31, 2023, is available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. Further information about us can also be obtained at www.colliers.com.