

	<h1>COMPASS</h1>
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4Q & FY 2023

Business Update & Supplementary Information

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Safe Harbor Statement

This presentation includes forward-looking statements, which are statements other than statements of historical facts, and statements in the future tense. These statements include, but are not limited to, statements regarding our future performance, including expected financial results for the first quarter and full year of 2024, planned non-GAAP operating expenses and free cash flow expectations for the full year of 2024 and our expectations for operational achievements. Forward-looking statements are based upon various estimates and assumptions, as well as information known to us as of the date of this presentation, and are subject to risks and uncertainties, including but not limited to: general economic conditions, economic and industry downturns, the health of the U.S. real estate industry, and risks generally incident to the ownership of residential real estate; the effect of monetary policies of the federal government and its agencies; rising interest rates; ongoing industry antitrust class action litigation (including lawsuits filed against us) or any related regulatory activities; any decreases in our gross commission income or the percentage of commissions that we collect; declining home inventory levels; our ability to carefully manage our expense structure; adverse economic, real estate or business conditions in geographic areas where our business is concentrated and/or impacting high-end markets; our ability to continuously innovate, improve and expand our platform, including tools and features integrating machine learning and artificial intelligence; our ability to expand our operations and to offer additional integrated services; our ability to realize expected benefits from our joint ventures; our ability to compete successfully; our ability to attract and retain highly qualified personnel and to recruit agents; our ability to re-accelerate our business growth given our current expense structure; fluctuation in our quarterly results and other operating metrics; the loss of one or more key personnel; actions by our agents or employees that could adversely affect our reputation and subject us to liability; our ability to pursue acquisitions that are successful and can be integrated into our existing operations; changes in mortgage underwriting standards; our ability to maintain or establish relationships with third-party service providers; the impact of cybersecurity incidents and the potential loss of critical and confidential information; the reliability of our fraud detection processes and information security systems; depository banks not honoring our escrow and trust deposits; adoption of alternatives to full-service agents by consumers; our ability to develop and maintain an effective system of disclosure controls and internal control over financial reporting; covenants in our debt agreements that may restrict our borrowing capacity or operating activities; our abilities to use net operating losses and other tax attributes; changes in, and our reliance on, accounting standards, assumptions, estimates and business data; the dependability of our platform and software; our ability to maintain our company culture; our ability to obtain or maintain adequate insurance coverage; processing, storage, and use of personal information and other data, and compliance with privacy laws and regulations; natural disasters and catastrophic events; the effect of the claims, lawsuits, government investigations and other proceedings; changes in federal or state laws that would require our agents to be classified as employees; our ability to protect our intellectual property rights and our reliance on the intellectual property rights of third parties; the impact of having a multi-class structure of common stock; and other risks set forth in our annual report on Form 10-K and our subsequent quarterly reports on Form 10-Q. Significant variation from the assumptions underlying our forward-looking statements could cause our actual results to vary, and the impact could be significant. Accordingly, actual results could differ materially from those predicted or implied or such uncertainties could cause adverse effects on our results. Reported results should not be considered as an indication of future performance.

More information about factors that could adversely affect our results of operations, financial condition and prospects, or that could cause actual results to differ from those expressed or implied in our forward-looking statements is included under the captions “Risk Factors,” “Legal Proceedings” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K and our subsequent quarterly reports on Form 10-Q, copies of which are available on the Investor Relations page of our website at <https://investors.compass.com/> and on the SEC website at www.sec.gov. All information herein speaks as of the date hereof and all forward-looking statements contained herein are based on information available to us as of the date hereof, and we do not assume any obligation to update these statements as a result of new information or future events. Undue reliance should not be placed on the forward-looking statements in this presentation.

Non-GAAP Financial Measures

This presentation contains the non-GAAP financial measures - Adjusted EBITDA, non-GAAP operating expenses and Free Cash Flow. These measures may exclude certain expenses, gains and losses that may not be indicative of our core operating results and business outlook, and, in each case, may be different from the non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures in the Financial Tables at the end of this presentation.

4Q 2023 Highlights

FINANCIAL⁽¹⁾

\$1,096M | -1%

4Q 2023 Revenue & Y-o-Y Change

18.3% | Declined 9 BPS⁽³⁾

4Q 2023 Revenue less Non-GAAP Commissions & Other Related Expense Excluding Impact of the Agent Equity Program as a % of Revenue & Y-o-Y Change

-\$24M | Improved by \$52M

4Q 2023 Adjusted EBITDA & Y-o-Y Change

-\$41M | Improved by \$90M

4Q 2023 Free Cash Flow & Y-o-Y Change

OPERATIONAL

14,689 | +8%

4Q 2023 Average Number of Principal Agents & Y-o-Y Change⁽²⁾

29,744 | +2%

4Q 2023 Average Number of Agents & Y-o-Y Change⁽²⁾

40,621 | -5%

4Q 2023 Total Transactions & Y-o-Y Change

\$41.8B | -2%

4Q 2023 Gross Transaction Value & Y-o-Y Change

(1) See Financial Tables section for a reconciliation of GAAP to Non-GAAP measures.

(2) During the first quarter of 2023, the Company began to utilize an updated methodology for tracking and reporting its agent statistics. The Company's Average Number of Principal Agents, Total Average Agents and the related year over year growth reported in this presentation are based on the updated methodology.

(3) Revenue less Non-GAAP Commissions & Other Related Expense as a percentage of revenue decreased by 79 basis points when including the impact of Agent Equity Program contributions in 4Q 2022.

FY 2023 Highlights

FINANCIAL⁽¹⁾

\$4,885M | -19%

FY 2023 Revenue & Y-o-Y Change

18.2% | Improved 4 BPS⁽³⁾

FY 2023 Revenue less Non-GAAP Commissions & Other Related Expense Excluding Impact of the Agent Equity Program as a % of Revenue & Y-o-Y Change

-\$39M | Improved by \$171M

FY 2023 Adjusted EBITDA & Y-o-Y Change

-\$37M | Improved by \$325M

FY 2023 Free Cash Flow & Y-o-Y Change

OPERATIONAL

13,973 | +5%

FY 2023 Average Number of Principal Agents & Y-o-Y Change⁽²⁾

28,781 | +1%

FY 2023 Average Number of Agents & Y-o-Y Change⁽²⁾

178,848 | -15%

FY 2023 Total Transactions & Y-o-Y Change

\$186.1B | -19%

FY 2023 Gross Transaction Value & Y-o-Y Change

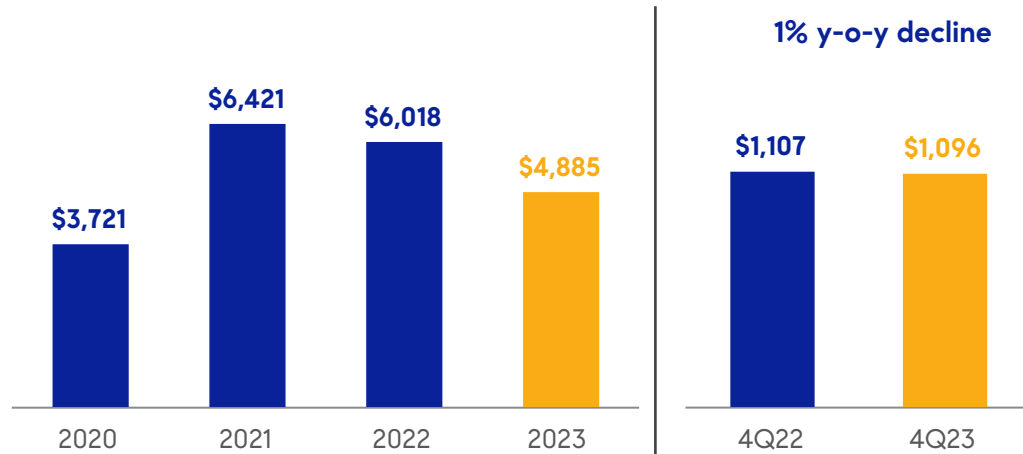
(1) See Financial Tables section for a reconciliation of GAAP to Non-GAAP measures.

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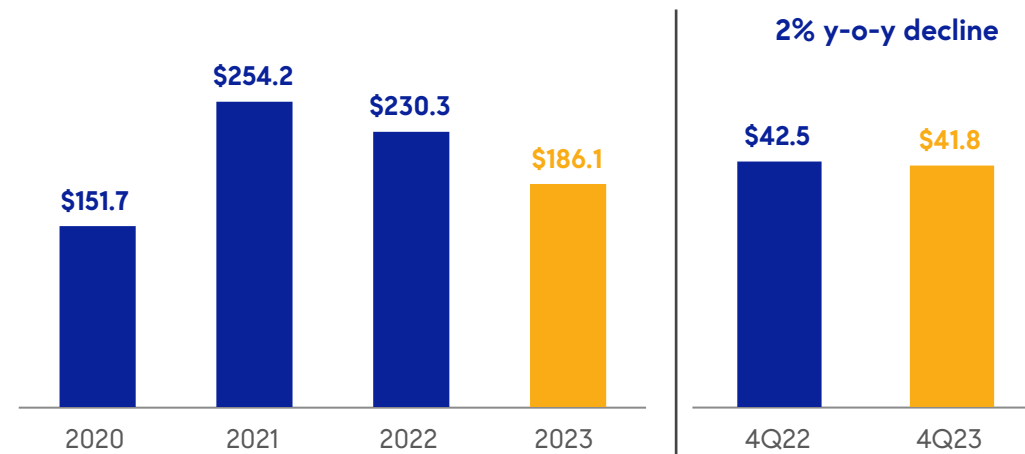
(3) Revenue less Non-GAAP Commissions & Other Related Expense as a percentage of revenue decreased by 75 basis points when including the impact of Agent Equity Program contributions in FY 2022.

Compass Saw Continued Macro Headwinds in 2023

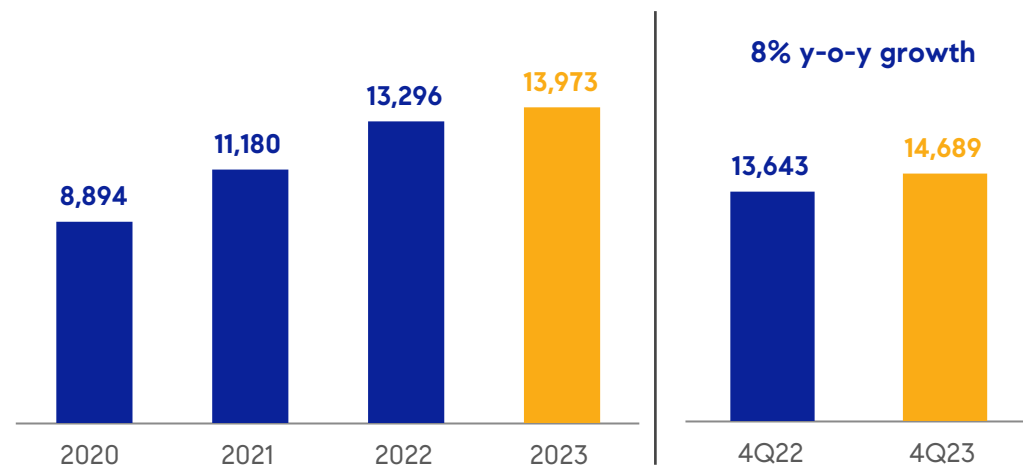
Total Revenue (\$M)



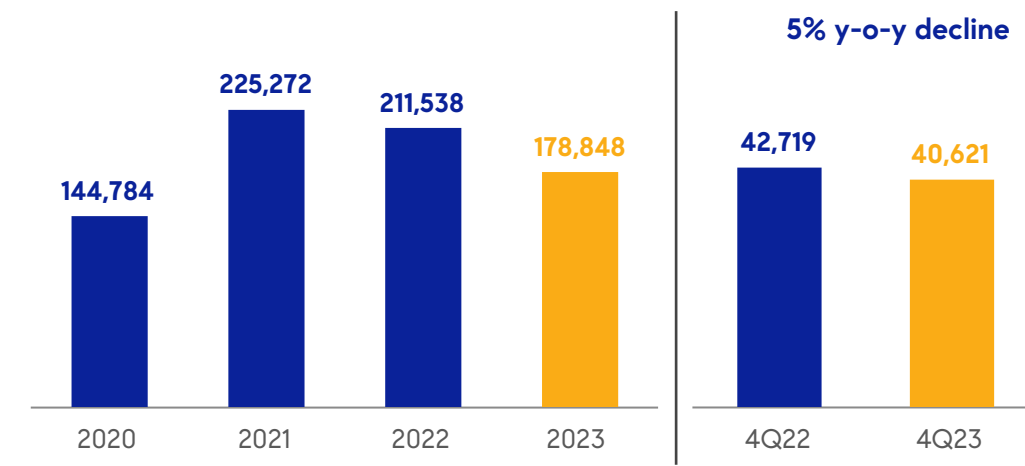
Gross Transaction Value (\$B)



Average Number of Principal Agents⁽¹⁾



Total Transactions



(1) During the first quarter of 2023, the Company began to utilize an updated methodology for tracking and reporting its agent statistics. The Company's Average Number of Principal Agents and year over year growth reported in this presentation are based on the updated methodology.

1Q 2024

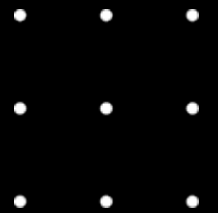
Revenue	\$975 - \$1,075 million
Adjusted EBITDA	(\$40) - (\$22) million
Weighted-Average Share Count	489 - 492 million

FY 2024

Non-GAAP Operating Expenses⁽¹⁾	\$855 - \$875 million
Free Cash Flow Positive	

⁽¹⁾ Non-GAAP Operating Expenses excludes Commissions and other related expenses, Depreciation and amortization, Stock-based compensation and other expenses excluded from the Company's calculation of Adjusted EBITDA.

Financial Tables



Condensed Consolidated Balance Sheets *(in millions, unaudited)*

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 166.9	\$ 361.9
Accounts receivable, net of allowance	36.6	36.6
Compass Concierge receivables, net of allowance	24.0	42.9
Other current assets	54.5	76.5
Total current assets	282.0	517.9
Property and equipment, net	151.7	192.5
Operating lease right-of-use assets	408.5	483.2
Intangible assets, net	77.6	99.3
Goodwill	209.8	198.4
Other non-current assets	30.7	41.8
Total assets	<u>\$ 1,160.3</u>	<u>\$ 1,533.1</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 18.4	\$ 28.1
Commissions payable	59.6	48.0
Accrued expenses and other current liabilities	90.8	164.9
Current lease liabilities	98.9	94.6
Concierge credit facility	24.8	31.9
Revolving credit facility	—	150.0
Total current liabilities	292.5	517.5
Non-current lease liabilities	410.2	486.5
Other non-current liabilities	25.6	8.4
Total liabilities	<u>728.3</u>	<u>1,012.4</u>
Stockholders' equity		
Common stock	—	—
Additional paid-in capital	2,946.5	2,713.6
Accumulated deficit	(2,517.8)	(2,196.5)
Total Compass, Inc. stockholders' equity	428.7	517.1
Non-controlling interest	3.3	3.6
Total stockholders' equity	<u>432.0</u>	<u>520.7</u>
Total liabilities and stockholders' equity	<u>\$ 1,160.3</u>	<u>\$ 1,533.1</u>

Condensed Consolidated Statements of Operations *(in millions, except share and per share data, unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 1,096.4	\$ 1,107.2	\$ 4,885.0	\$ 6,018.0
Operating expenses:				
Commissions and other related expense ⁽¹⁾	895.9	918.8	4,007.0	4,936.1
Sales and marketing ⁽¹⁾	102.9	130.8	435.4	575.1
Operations and support ⁽¹⁾	79.6	83.5	326.9	392.4
Research and development ⁽¹⁾	44.4	63.4	184.5	360.3
General and administrative ⁽¹⁾	32.4	41.1	125.7	208.1
Restructuring costs	2.7	1.2	30.4	49.1
Depreciation and amortization	21.5	21.2	90.0	86.3
Total operating expenses	1,179.4	1,260.0	5,199.9	6,607.4
Loss from operations	(83.0)	(152.8)	(314.9)	(589.4)
Investment income, net	1.6	1.3	8.5	2.8
Interest expense	(1.6)	(1.3)	(10.8)	(3.6)
Loss before income taxes and equity in loss of unconsolidated entity	(83.0)	(152.8)	(317.2)	(590.2)
Income tax (expense) benefit	(0.1)	(0.5)	0.4	0.9
Equity in loss of unconsolidated entity	(0.7)	(4.7)	(3.3)	(12.2)
Net loss	(83.8)	(158.0)	(320.1)	(601.5)
Net loss (income) attributable to non-controlling interests	0.1	(0.1)	(1.2)	—
Net loss attributable to Compass, Inc.	\$ (83.7)	\$ (158.1)	\$ (321.3)	\$ (601.5)
Net loss per share attributable to Compass, Inc., basic and diluted	\$ (0.17)	\$ (0.36)	\$ (0.69)	\$ (1.40)
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	483,710,540	436,568,882	466,522,935	428,169,180

(1) Total stock-based compensation expense included in the condensed consolidated statements of operations is as follows (in millions):

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Commissions and other related expense	\$ —	\$ 22.9	\$ 11.6	\$ 59.0
Sales and marketing	8.6	9.3	35.0	42.0
Operations and support	4.5	3.3	16.1	15.6
Research and development	11.3	12.3	45.7	57.5
General and administrative	11.9	13.6	49.8	60.4
Total stock-based compensation expense	\$ 36.3	\$ 61.4	\$ 158.2	\$ 234.5

Condensed Consolidated Statements of Cash Flows *(in millions, unaudited)*

	Year Ended December 31,	
	2023	2022
Operating Activities		
Net loss	\$ (320.1)	\$ (601.5)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	90.0	86.3
Stock-based compensation	158.2	234.5
Equity in loss of unconsolidated entity	3.3	12.2
Change in acquisition related contingent consideration	2.6	(2.2)
Bad debt expense	4.4	7.3
Amortization of debt issuance costs	0.7	0.9
Changes in operating assets and liabilities:		
Accounts receivable	(3.5)	6.5
Compass Concierge receivables	18.0	(11.7)
Other current assets	21.4	17.6
Other non-current assets	9.1	9.8
Operating lease right-of-use assets and operating lease liabilities	(1.2)	5.8
Accounts payable	(9.8)	(4.8)
Commissions payable	11.6	(15.9)
Accrued expenses and other liabilities	(10.6)	(36.5)
Net cash used in operating activities	(25.9)	(291.7)
Investing Activities		
Investment in unconsolidated entity	(1.2)	(15.0)
Capital expenditures	(11.2)	(70.1)
Payments for acquisitions, net of cash acquired	0.7	(15.0)
Net cash used in investing activities	(11.7)	(100.1)
Financing Activities		
Proceeds from exercise of stock options	4.5	9.0
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	2.5	2.3
Taxes paid related to net share settlement of equity awards	(23.5)	(23.5)
Proceeds from drawdowns on Concierge credit facility	55.4	59.0
Repayments of drawdowns on Concierge credit facility	(62.5)	(43.3)
Proceeds from drawdowns on Revolving credit facility	75.0	150.0
Repayments of drawdowns on Revolving credit facility	(225.0)	—
Proceeds from issuance of common stock in connection with the Strategic Transaction	32.3	—
Payments related to acquisitions, including contingent consideration	(14.6)	(17.5)
Other	(1.5)	(0.6)
Net cash (used in) provided by financing activities	(157.4)	135.4
Net decrease in cash and cash equivalents	(195.0)	(256.4)
Cash and cash equivalents at beginning of period	361.9	618.3
Cash and cash equivalents at end of period	\$ 166.9	\$ 361.9

Net Loss to Adjusted EBITDA Reconciliation *(in millions, unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net loss attributable to Compass, Inc.	\$ (83.7)	\$ (158.1)	\$ (321.3)	\$ (601.5)
Adjusted to exclude the following:				
Depreciation and amortization	21.5	21.2	90.0	86.3
Investment income, net	(1.6)	(1.3)	(8.5)	(2.8)
Interest expense	1.6	1.3	10.8	3.6
Stock-based compensation	36.3	61.4	158.2	234.5
Income tax expense (benefit)	0.1	0.5	(0.4)	(0.9)
Restructuring costs	2.7	1.2	30.4	49.1
Acquisition-related expenses ⁽¹⁾	(0.6)	(1.5)	1.9	11.2
Litigation charges ⁽²⁾	—	—	—	10.5
Adjusted EBITDA	<u>\$ (23.7)</u>	<u>\$ (75.3)</u>	<u>\$ (38.9)</u>	<u>\$ (210.0)</u>

⁽¹⁾ For the three months ended December 31, 2023 and 2022, acquisition-related expenses includes a \$0.9 million loss and a \$0.3 million gain, respectively, as a result of changes in the fair value of contingent consideration and gains of \$1.5 million and \$1.2 million, respectively, related to acquisition consideration treated as compensation expense over the underlying retention periods. For the years ended December 31, 2023 and 2022, acquisition-related expenses includes a \$1.3 million loss and a \$2.2 million gain, respectively, as a result of changes in the fair value of contingent consideration and expense of \$0.6 million and \$13.4 million, respectively, related to acquisition consideration treated as compensation expense over the underlying retention periods.

⁽²⁾ Represents a charge of \$10.5 million incurred during the year ended December 31, 2022 in connection with the Realogy Holdings Corp. matter.

Reconciliation of Operating Cash Flows to Free Cash Flow *(in millions, unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net cash used in operating activities	\$ (38.7)	\$ (117.8)	\$ (25.9)	\$ (291.7)
Less:				
Capital expenditures	(2.3)	(13.2)	(11.2)	(70.1)
Free cash flow	<u>\$ (41.0)</u>	<u>\$ (131.0)</u>	<u>\$ (37.1)</u>	<u>\$ (361.8)</u>

Reconciliation of GAAP to Non-GAAP Operating Expenses *(in millions, unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
GAAP Commissions and other related expense	\$ 895.9	\$ 918.8	\$ 4,007.0	\$ 4,936.1
Adjusted to exclude the following:				
Stock-based compensation	—	(22.9)	(11.6)	(59.0)
Non-GAAP Commissions and other related expense	<u>\$ 895.9</u>	<u>\$ 895.9</u>	<u>\$ 3,995.4</u>	<u>\$ 4,877.1</u>
GAAP Sales and marketing	\$ 102.9	\$ 130.8	\$ 435.4	\$ 575.1
Adjusted to exclude the following:				
Stock-based compensation	(8.6)	(9.3)	(35.0)	(42.0)
Non-GAAP Sales and marketing	<u>\$ 94.3</u>	<u>\$ 121.5</u>	<u>\$ 400.4</u>	<u>\$ 533.1</u>
GAAP Operations and support	\$ 79.6	\$ 83.5	\$ 326.9	\$ 392.4
Adjusted to exclude the following:				
Stock-based compensation	(4.5)	(3.3)	(16.1)	(15.6)
Acquisition-related expenses	0.6	1.5	(1.9)	(11.2)
Non-GAAP Operations and support	<u>\$ 75.7</u>	<u>\$ 81.7</u>	<u>\$ 308.9</u>	<u>\$ 365.6</u>
GAAP Research and development	\$ 44.4	\$ 63.4	\$ 184.5	\$ 360.3
Adjusted to exclude the following:				
Stock-based compensation	(11.3)	(12.3)	(45.7)	(57.5)
Non-GAAP Research and development	<u>\$ 33.1</u>	<u>\$ 51.1</u>	<u>\$ 138.8</u>	<u>\$ 302.8</u>
GAAP General and administrative	\$ 32.4	\$ 41.1	\$ 125.7	\$ 208.1
Adjusted to exclude the following:				
Stock-based compensation	(11.9)	(13.6)	(49.8)	(60.4)
Litigation charge	—	—	—	(10.5)
Non-GAAP General and administrative	<u>\$ 20.5</u>	<u>\$ 27.5</u>	<u>\$ 75.9</u>	<u>\$ 137.2</u>

Total Non-GAAP Operating Expenses Excluding Commissions and Other Related Expense *(in millions, unaudited)*

	Three Months Ended							
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Sales and marketing	\$ 134.3	\$ 143.7	\$ 133.6	\$ 121.5	\$ 106.7	\$ 104.3	\$ 95.1	\$ 94.3
Operations and support	96.5	97.8	89.6	81.7	75.0	79.8	78.4	75.7
Research and development	91.3	88.3	72.1	51.1	38.5	32.8	34.4	33.1
General and administrative	40.4	36.6	32.7	27.5	23.1	21.4	10.9	20.5
Total non-GAAP operating expenses excluding commissions and other related expense	<u>\$ 362.5</u>	<u>\$ 366.4</u>	<u>\$ 328.0</u>	<u>\$ 281.8</u>	<u>\$ 243.3</u>	<u>\$ 238.3</u>	<u>\$ 218.8</u>	<u>\$ 223.6</u>

Revenue Less Non-GAAP Commissions & Other Related Expense Excluding Agent Equity Program Contributions

(in millions, unaudited)

	Three Months Ended							
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Revenue	\$ 1,397.0	\$ 2,020.1	\$ 1,493.7	\$ 1,107.2	\$ 957.2	\$ 1,494.0	\$ 1,337.4	\$ 1,096.4
GAAP Commissions & other related expense	\$ 1,146.4	\$ 1,652.9	\$ 1,218.0	\$ 918.8	\$ 790.9	\$ 1,224.0	\$ 1,096.2	\$ 895.9
Adjusted for the following:								
Stock-based compensation related to the Agent Equity Program	(17.0)	(6.4)	(12.7)	(22.9)	(11.6)	—	—	—
Agent Equity Program contributions	11.8	16.3	11.6	7.8	—	—	—	—
Non-GAAP Commissions & other related expense excluding Agent Equity Program contributions	\$ 1,141.2	\$ 1,662.8	\$ 1,216.9	\$ 903.7	\$ 779.3	\$ 1,224.0	\$ 1,096.2	\$ 895.9
Revenue less Non-GAAP Commissions & other related expense excluding Agent Equity Program contributions	\$ 255.8	\$ 357.3	\$ 276.8	\$ 203.5	\$ 177.9	\$ 270.0	\$ 241.2	\$ 200.5

Key Business Metrics and Non-GAAP Financial Measures *(unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Total Transactions ⁽¹⁾	40,621	42,719	178,848	211,538
Gross Transaction Value (in billions)	\$ 41.8	\$ 42.5	\$ 186.1	\$ 230.3
Average Number of Principal Agents ⁽²⁾	14,689	13,643	13,973	13,296
Net loss attributable to Compass, Inc. (in millions)	\$ (83.7)	\$ (158.1)	\$ (321.3)	\$ (601.5)
Net loss attributable to Compass, Inc. margin	(7.6%)	(14.3%)	(6.6%)	(10.0%)
Adjusted EBITDA (in millions)	\$ (23.7)	\$ (75.3)	\$ (38.9)	\$ (210.0)
Adjusted EBITDA margin	(2.2%)	(6.8%)	(0.8%)	(3.5%)

(1) We calculate Total Transactions by taking the sum of all transactions closed on the Compass platform in which our agent represents the buyer or seller in the purchase or sale of a home (excluding rental transactions). We include a single transaction twice when one or more Compass agents represent both the buyer and seller in any given transaction.

(2) During the first quarter of 2023, the Company began to utilize an updated methodology for tracking and reporting its agent statistics. The Company's Average Number of Principal Agents reported in this presentation is based on the updated methodology.

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