

	<h1>COMPASS</h1>	
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FY 2021 & Q4

Earnings Discussion & 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 and market opportunity, including expected financial results for the first quarter and full year of 2022, long-term financial targets for full year of 2025, our continuous ability to achieve positive Adjusted EBITDA, our ability to achieve expected improvements to non-GAAP C&O, non-GAAP S&M, non-GAAP O&S, non-GAAP R&D, non-GAAP G&A and Mortgage Consolidation, our ability to increase our market shares and expectations about our addressable market, our ability to improve attach rate for adjacent services and our expected increase of platform contribution margins. 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 (including inflation and interest rates), the health of the U.S. real estate industry, and risks generally incident to the ownership of residential real estate, including seasonal and cyclical trends; our ability to continuously innovate, improve and expand our platform; our ability to attract new agents and retain current agents or increase agents' utilization of our platform; our ability to expand our brokerage and adjacent services businesses; our ability to offer additional adjacent services; our ability to achieve expected benefits from our mortgage business and our joint venture, OriginPoint; our rapid growth and rate of growth; our net losses and ability to achieve or sustain profitability in the future; any future impact of the ongoing COVID-19 pandemic on our business; our ability to compete successfully in the markets in which we operate; the effect of monetary policies of the federal government and its agencies; any decreases in our gross commission income or the percentage of commissions that we collect; fluctuation of our quarterly results and other operating metrics; our ability to successfully complete acquisitions and integrate target companies; the effect of the claims, lawsuits, government investigations and other proceedings that we are subject to from time to time; our ability to protect our intellectual property rights; and other general market, political, economic, and business conditions. Additionally, these forward-looking statements, particularly our financial outlook and long-term targets, involve risks, uncertainties and assumptions, including those related to the impacts of COVID-19 and inflationary pressure on our clients' spending decisions. 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.

Additional risks and uncertainties that could affect our financial results are included under the caption "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed with the SEC on November 12, 2021, which is available on the Investor Relations page of our website at <https://investors.compass.com/> and on the SEC website at www.sec.gov. Additional information will also be set forth in our Annual Report on Form 10-K for the year ended December 31, 2021 when filed. 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 press release.

Non-GAAP Financial Measures

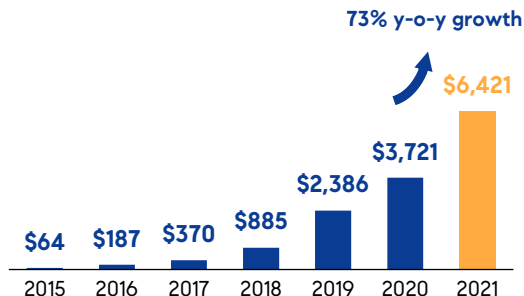
To supplement our condensed consolidated financial statements, which are prepared in accordance with GAAP, we present certain non-GAAP financial measures, such as Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP C&O, non-GAAP S&M, non-GAAP O&S, non-GAAP R&D, non-GAAP G&A (collectively, non-GAAP financial measures), in this presentation. Our use of non-GAAP financial measures has limitations as an analytical tool, and these measures should not be considered in isolation or as a substitute for analysis of financial results as reported under GAAP.

Compass uses non-GAAP financial measures in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance. We believe non-GAAP financial measures are also helpful to investors, analysts and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. Non-GAAP financial measures have limitations as analytical tools, therefore you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Because of these limitations, you should consider non-GAAP financial measures alongside other financial performance measures, including net loss and our other GAAP results. In evaluating non-GAAP financial measures, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments reflected in this presentation. Our presentation of non-GAAP financial measures should not be construed to imply that our future results will be unaffected by the types of items excluded from the calculation of non-GAAP financial measures. Non-GAAP financial measures are not presented in accordance with GAAP and the use of these terms varies from others in our industry.

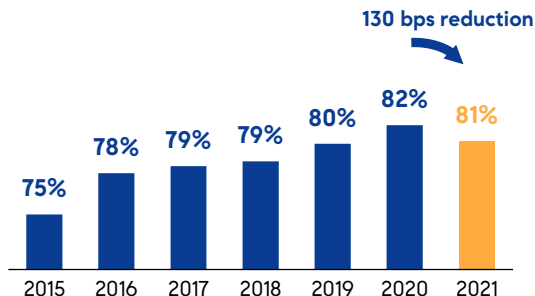
Reconciliations of these non-GAAP financial measures have been provided in the financial statement tables included in this presentation and investors are encouraged to review these reconciliations.

Successful Execution

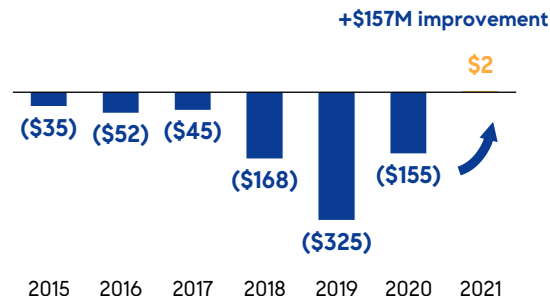
Total Revenue (\$M)



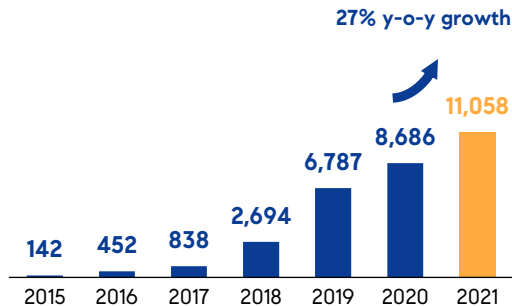
Non-GAAP Commission & Other Related Expenses⁽¹⁾ as % of Revenue



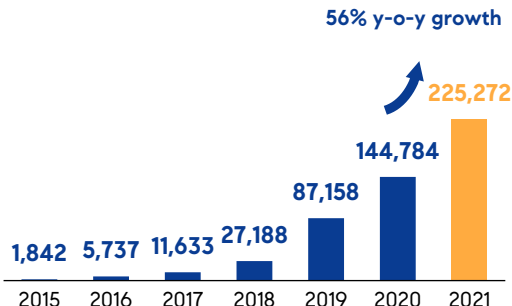
Adjusted EBITDA⁽¹⁾ (\$M)



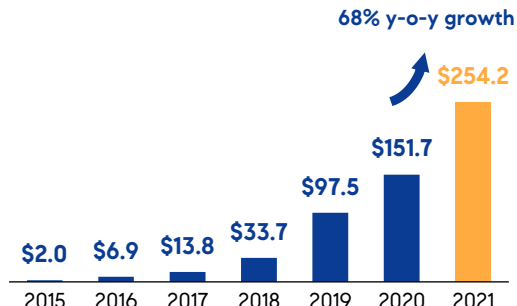
Average Number of Principal Agents



Total Transactions



Gross Transaction Value (\$B)



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

Compass is ...

UNRIVALED, WITH TECH-DRIVEN VALUE PROPOSITION

Industry leading brand and network in 69 markets and 28 states at FYE 2021

26,257

Agents

\$254B

2021 GTV⁽¹⁾

INDUSTRY LEADING IN AGENT RETENTION

High annual retention and strong culture

>90%

Principal Agent⁽³⁾
Retention

71

FY 2021 NPS⁽²⁾

INCREASING AGENT PRODUCTIVITY

Top quartile of users achieve outsized productivity gains and significantly higher annual retention

22%

Increase in Transaction
per Agent

136

Top Quartile
Minutes Per Day⁽⁴⁾

RAPIDLY GROWING MARKET SHARE

From 1.1% U.S. Market Share in 2018 to 5.6% in 2021; still covers only 47% of the total population

5.6%

National
Market Share

72%

Market Share CAGR
2018 - 2021

IMPROVING & COMPELLING TRANSACTION ECONOMICS

Platform, not splits, attract agents; Non-GAAP Commission & Other (C&O) as a % of Revenue improved by 130 basis points in 2021 vs 2020

62%

of agents that joined in Q4
told us they paid higher split
than their previous brokerage

130bps

Improvement in Non-GAAP
C&O as a % of Revenue

FOCUSED ON PROFITABLE GROWTH

EBITDA positive in 2021; target 10% EBITDA and 8%-9% free cash flow margins by 2025

10%

Target Adj. EBITDA
Margin in 2025

8%-9%

Target 2025 FCF
Margin

⁽¹⁾ Gross Transaction Value

⁽²⁾ Net Promoter Score

⁽³⁾ Principal Agents represent agents who are leaders of their respective agent teams or individual agents operating independently on our platform during a given period

⁽⁴⁾ Based on a 5-day work week for the top 25% of individual agent teams

Growth in agent count and productivity have driven rapid market share gains

Our agents become more and more productive ...

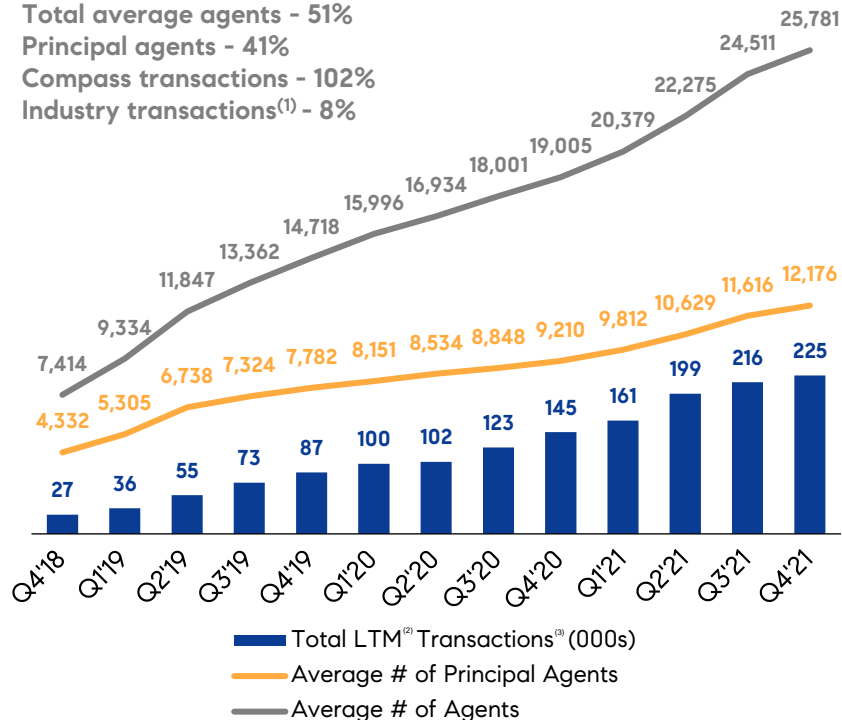
CAGRs 2018 – 2021:

Total average agents - 51%

Principal agents - 41%

Compass transactions - 102%

Industry transactions⁽¹⁾ - 8%

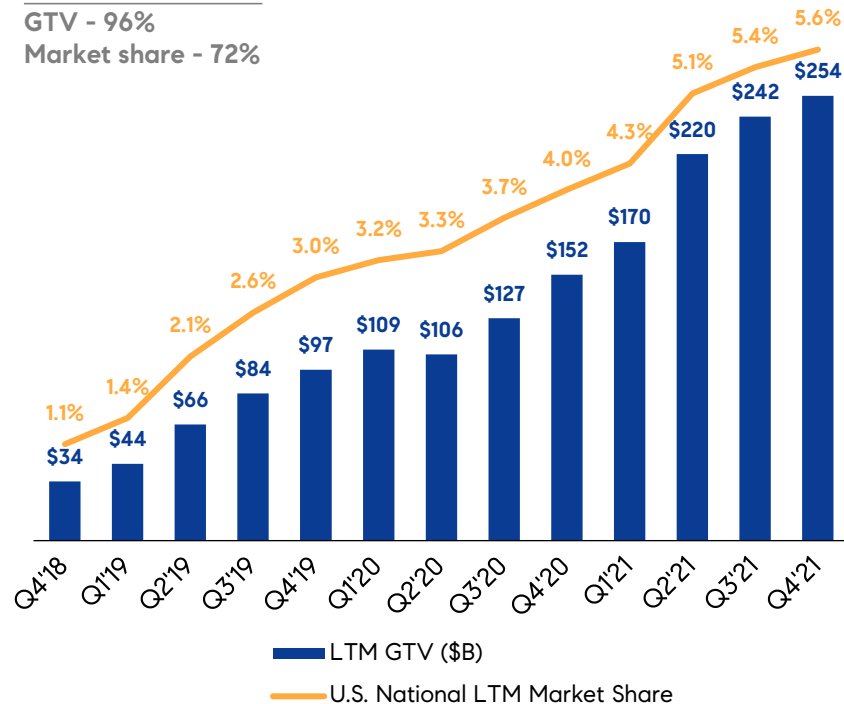


... driving rapid GTV growth and market share gains

CAGRs 2018 – 2021:

GTV - 96%

Market share - 72%



(1) As reported by NAR

(2) Last Twelve Months

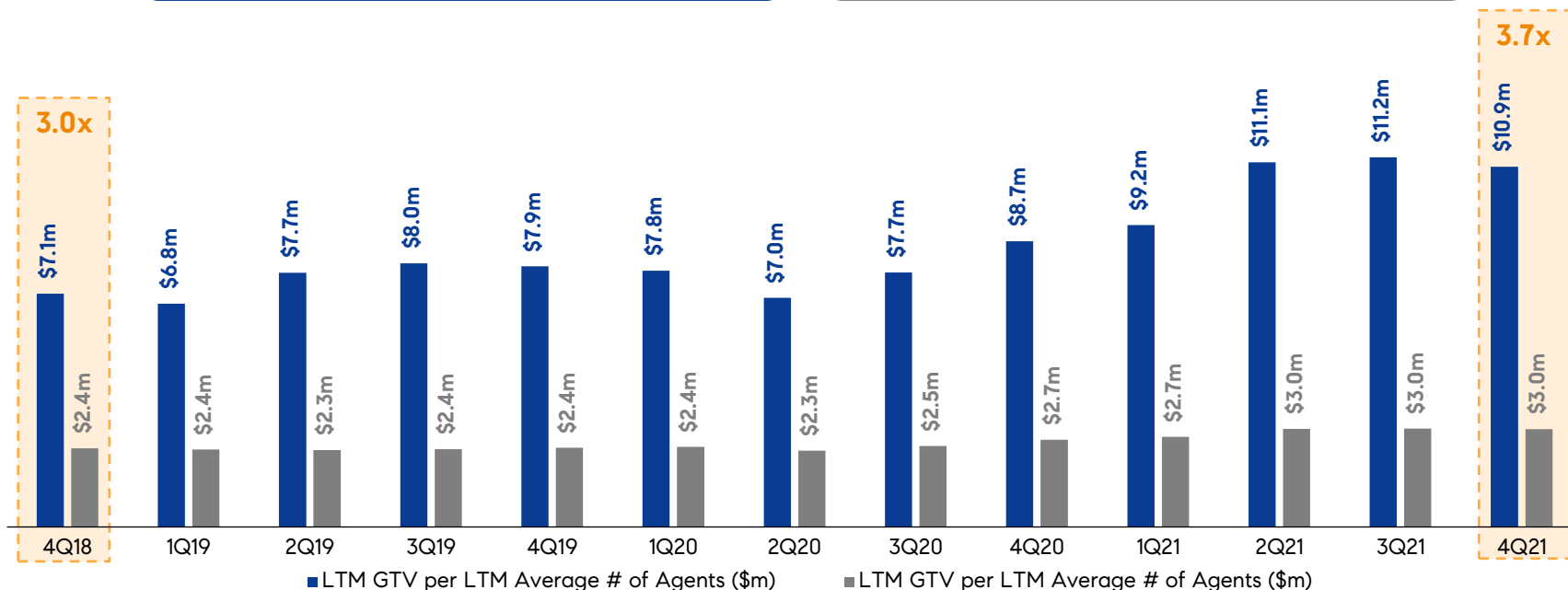
(3) Compass Transactions

GTV per average Compass agent is more than 3x the average NAR agent⁽¹⁾

Our agents have grown GTV per average agent from \$7.1M to \$10.9M – and now generate 3.7x the GTV of the average NAR agent (up from 3.0x in 4Q2018)

LTM GTV per LTM average Compass agent
'18 – '21 CAGR = 16%

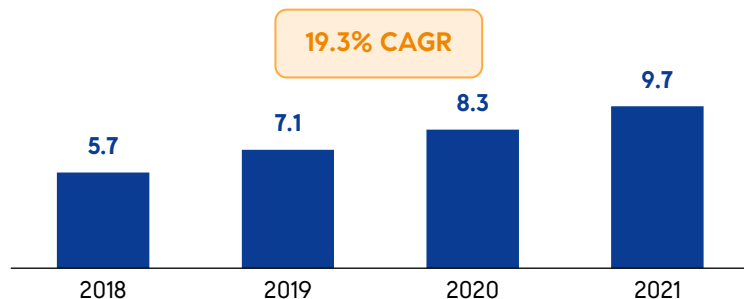
LTM GTV per LTM average NAR agent
'18 – '21 CAGR = 8%



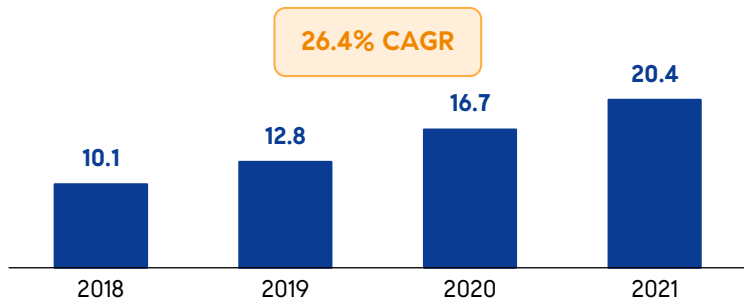
⁽¹⁾ Annual gross transaction volume and number of realtors as reported by NAR
Updated as of February 17, 2022

Compass agents also grow their transactions faster than the market

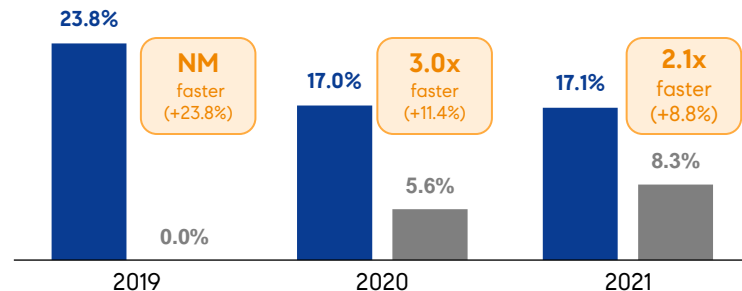
Transactions per Average Agent



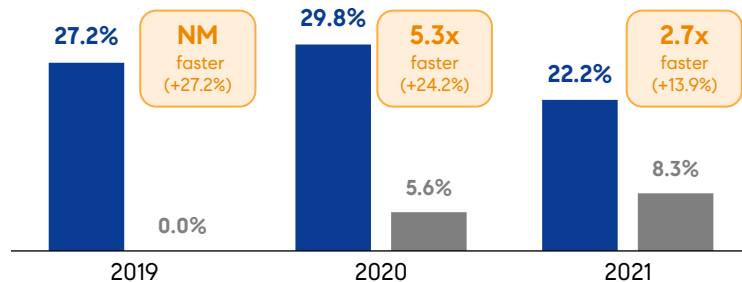
Transactions per Average Principal Agent



Growth in Transactions per Average Agent vs Industry⁽¹⁾



Growth in Transactions per Average Principal Agent vs Industry⁽¹⁾



Compass Industry

(1) Annual transaction growth and number of realtors as reported by NAR

Our penetration is still low; we have a massive addressable market

Compass brokerage covers only 47% of the U.S. population, but we plan to cover the entire country; our adjacent services business is nascent

U.S. TAM
\$240B

Adjacent Services
\$145B

Broker Commissions
\$95B

- Real Estate Marketing (\$30b)
- Title Insurance & Escrow (\$35b)
- U.S. Residential Mortgage Commissions (\$50b)
- Other Real Estate Services (\$30b)
- U.S. Residential Broker Commissions (\$95b)

Consistently growing share across large & small markets, price points & tenure

Market (City Center)	2018	2019	2020	2021	Compass Avg. Price Point	Market Avg. Price Point ⁽²⁾	Competitive Rank
Manhattan ⁽¹⁾	11.0%	17.4%	25.5%	33.3%	\$1,493	\$736	1
Washington DC	15.1%	20.9%	26.1%	28.1%	\$761	\$692	1
Los Angeles	11.9%	15.1%	19.6%	18.9%	\$1,665	\$918	1
Boston	7.9%	12.2%	14.9%	15.4%	\$1,033	\$696	1
Miami Beach	3.0%	5.3%	6.7%	9.3%	\$1,055	\$410	3
San Francisco	30.4%	35.5%	36.5%	36.6%	\$1,611	\$1,526	1
Dallas	4.5%	11.8%	15.6%	15.4%	\$755	\$287	1
Chicago	4.3%	9.7%	12.2%	13.0%	\$553	\$302	2
Philadelphia	0.8%	5.9%	10.5%	12.4%	\$514	\$227	2
Seattle & Bellevue	4.6%	7.5%	10.0%	11.4%	\$1,057	\$1,077	1
San Diego	1.0%	5.9%	9.0%	10.5%	\$1,391	\$871	2
Austin	0.1%	5.5%	10.0%	11.1%	\$811	\$606	3
Houston	0.1%	5.3%	7.6%	9.7%	\$653	\$239	1
Denver	0.3%	3.4%	8.1%	9.8%	\$903	\$571	1
Nashville	0.2%	6.0%	8.4%	9.9%	\$632	\$377	1
Atlanta	0.4%	4.2%	6.0%	6.0%	\$506	\$354	3
Honolulu	-	-	0.2%	2.9%	\$1,519	\$822	NM
Orlando	-	-	0.2%	0.6%	\$431	\$333	NM
Charlotte	-	-	-	0.7%	\$567	\$349	NM
Tampa	-	-	-	1.9%	\$629	\$359	NM
Indianapolis	-	-	-	0.5%	\$459	\$204	NM
Jacksonville	-	-	-	0.3%	\$677	\$270	NM
Raleigh	-	-	-	1.5%	\$493	\$403	NM
Kansas City	-	-	-	1.0%	\$589	\$112	NM

Weighted Avg. Market Share	2018	2019	2020	2021	Average Tenure	Compass Avg. Price Point	Market Avg. Price Point
Markets with 5+ yrs. Tenure	13.2%	17.7%	21.6%	23.6%	7.0	\$1,261	\$830
Markets with 3.5 – 5 yrs. Tenure	3.0%	8.2%	11.5%	12.5%	4.1	\$854	\$553
Markets with 2.5 – 3.5 yrs. Tenure	0.2%	4.5%	8.0%	9.3%	3.3	\$701	\$429
Markets with < 2.5 yrs. Tenure	-	-	0.1%	1.2%	0.8	\$671	\$369

Note:

Estimated GTV market share shown for city center only, excluding metro areas outside of the city center

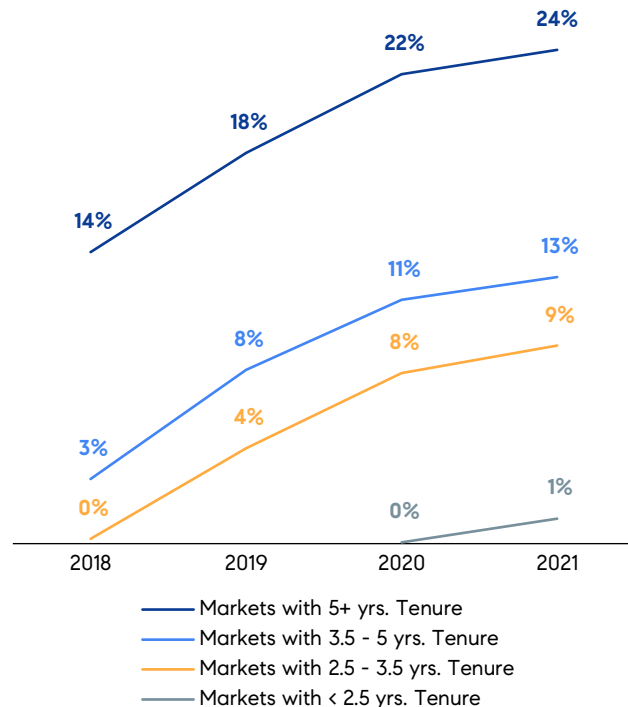
Data provided is from a single MLS in markets where there are multiple MLSs that cover the city center to avoid duplicate deals

Source: BrokerMetrics and MLS data

(1) Manhattan Market Share calculated using Internal Compass GTV for the Numerator, Douglas Elliman Real Estate Reports for the Denominator in 2019, 2020 and 2021, and RENBY Reports for 2018. Douglas Elliman Reports unavailable in 2018

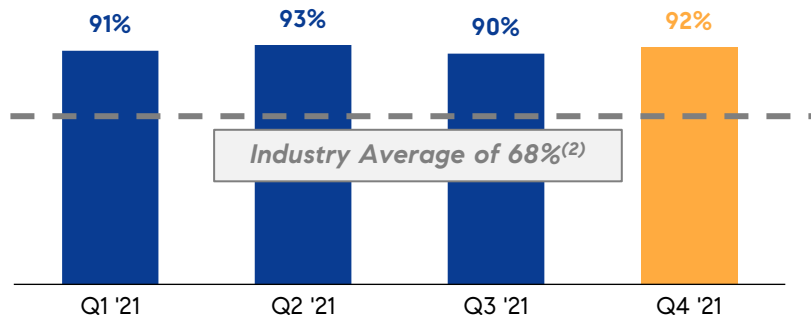
(2) Market Average Sale Price per Zillow

Average City Center Market Share by Market Tenure

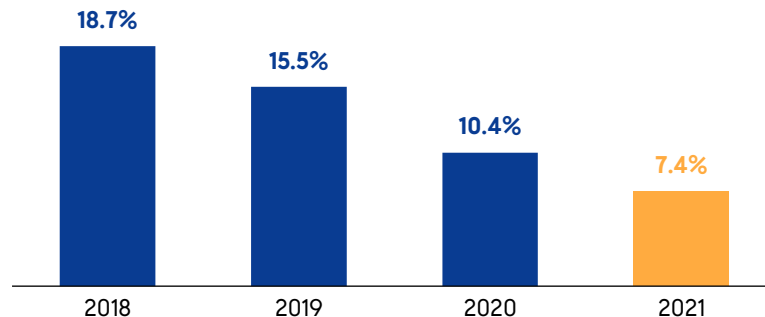


And our platform is reducing agent recruitment, retention and support costs

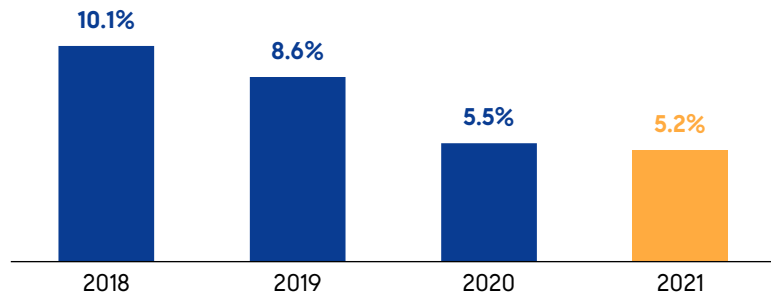
Quarterly Annualized Principal Retention



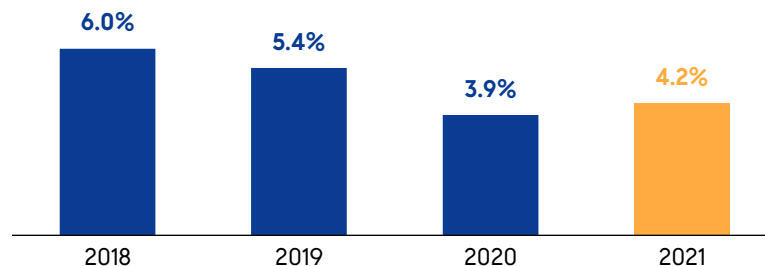
Non-GAAP Sales & Marketing Costs⁽¹⁾ as a % of Revenue



Non-GAAP Operation & Support Costs⁽¹⁾ as a % of Revenue



Non-GAAP Research & Development Costs⁽¹⁾ as a % of Revenue



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

(2) Average for all brokerages; data from Multiple Listing Services, agents completing deals with the same brokerage in Q3 2019 and Q3 2020

Do agents leave once their initial contracts expire? The data shows “no”

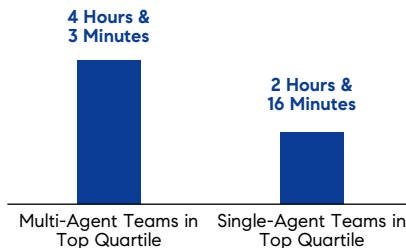
Market (City Center)	Launch Date	2021 City Center Market Share	% of Principals off Initial Contract ⁽¹⁾	2021 Principal Retention
Manhattan	2012	33.3%	77%	95%
Washington DC	2014	28.1%	83%	95%
Boston	2015	15.4%	75%	93%
Los Angeles	2015	18.9%	65%	91%
Miami Beach	2015	9.3%	77%	91%
San Francisco	2016	36.6%	69%	92%
Chicago	2017	13.0%	66%	94%
Dallas	1H 2018	15.4%	77%	94%
Philadelphia	1H 2018	12.4%	76%	98%
San Diego	1H 2018	10.5%	75%	90%
Seattle & Bellevue	1H 2018	11.4%	66%	91%
Atlanta	2H 2018	6.0%	74%	86%
Austin	2H 2018	11.1%	71%	93%
Denver	2H 2018	9.8%	57%	92%
Houston	2H 2018	9.7%	84%	92%
Nashville	2H 2018	9.9%	67%	94%

- Equity grants comprised just ~2% of agent annual compensation for all agents recruited in 2019 through 2021

⁽¹⁾ Represents active agents that were at Compass as of the beginning 2021 that are not on their first contract with Compass

The top quartile users of our tech platform grow their business 2.6x faster than the bottom quartile and exhibit 98% annual retention

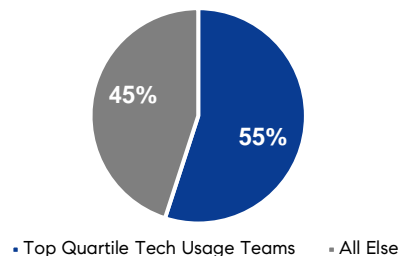
Total Hours on Platform Per Day⁽¹⁾



The top 25% of Compass teams who used the tech platform most, used the tech platform over 4 hours a day (for multi-agent teams) and over 2 hours a day (for single agent teams)

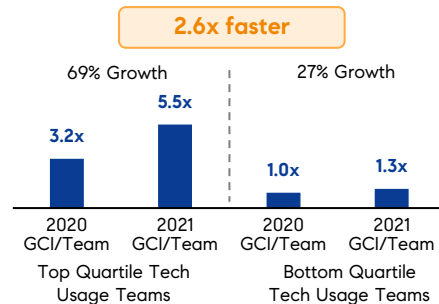
Business Mix⁽²⁾

Transaction Share



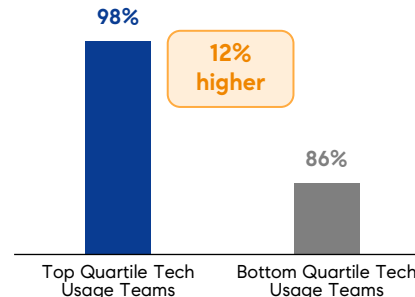
Our top quartile tech usage teams are **generating 55%** of our transactions

2021 Production Uplift⁽³⁾



Our top quartile tech usage teams **grew their commission income 69% year over year, 2.6x faster, and now do 4.3x more GCI / team** than the bottom quartile tech usage teams

2021 Principal Agent Retention



Our top quartile of tech usage teams exhibited **98% annual retention** compared to our bottom quartile of 86%

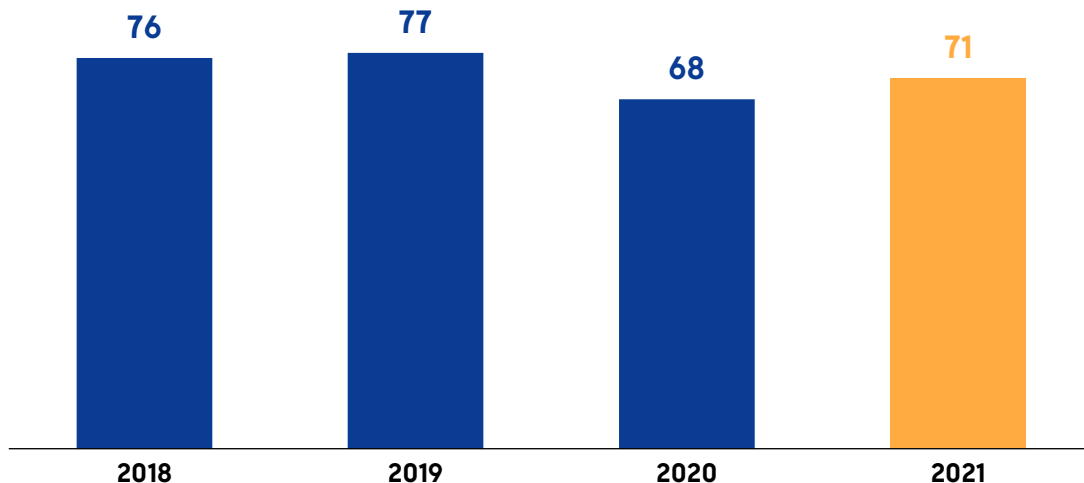
(1) Time on platform measured on a 5-day work week basis

(2) Data in analysis represents teams accounting for approximately 75% of total company transactions in 2021. The remaining quarter of transactions were excluded from the analysis because data was incomplete or unavailable (or yet to be integrated into Compass systems), in part due to teams who came to us via acquisitions

(3) When measuring 2021 Productivity Uplift, analysis required that teams had been with the company for at least 24 months in order to have a complete data set

Agents love Compass

Historical Compass Agent NPS Scores



NPS Comparison with Other Leading Brands

amazon pharmacy

66

lyft

51



47

Microsoft

45

airbnb

43

TESLA

37

Top Reasons Why Agents Stay

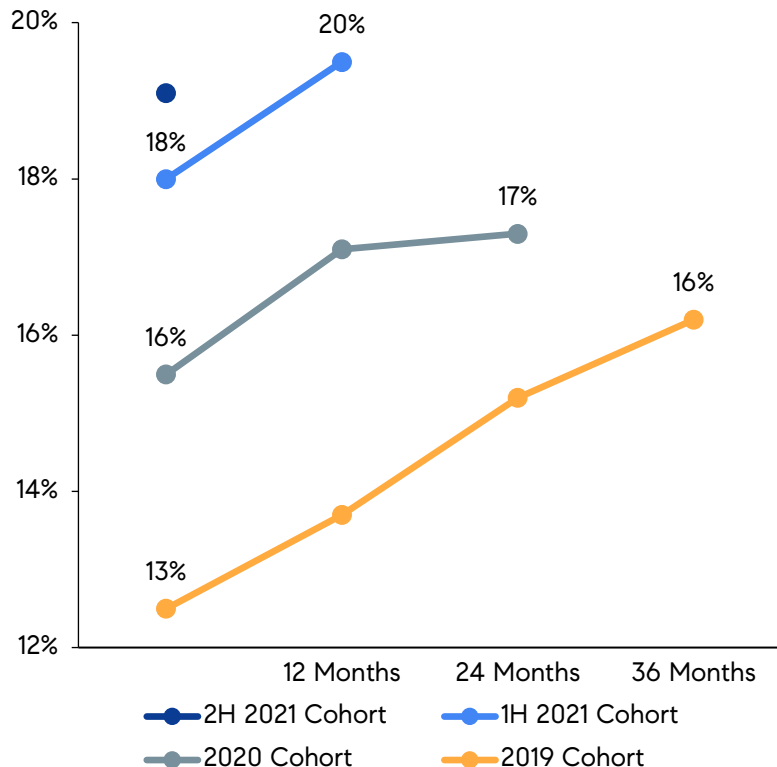
- Culture & excitement about long-term vision
- Technology Platform
- Network of other Compass agents that supports business growth (e.g., referral)
- Support & coaching
- Inertia (inherent stickiness & high switching costs)
- Compass Brand
- Services (e.g., Concierge)

Top Reasons Why Agents Join

- Technology Platform
- Marketing capabilities
- Support & coaching

Agent economics by cohort have improved approximately 100 bps a year

As agent cohorts mature, the Commissions as a % of Revenue improves



- Commissions and Other as a % of Revenue improved by 130 bps in 2021
- Prior to 2021, trends in Commissions and Other as a % of Revenue were impacted by new agent and regional mix, bringing Commissions and Other as a % of Revenue down even as agent economics improved

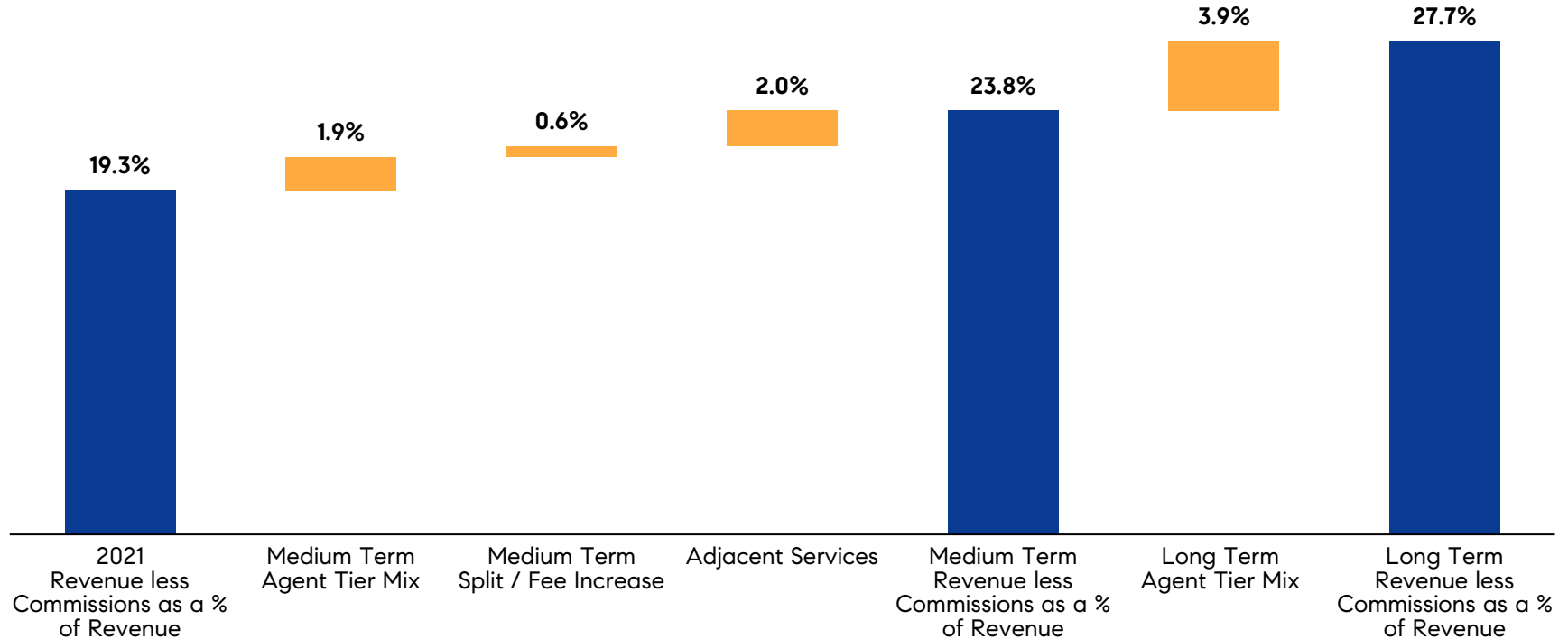
We expect a more diversified agent mix to drive ~190 bps of margin improvement by FY 2025 (33% of the total long-term opportunity of 584 bps)

	Compass	Full Market	Delta to Market
Agents with:	% of Commission Revenue		
Above \$1m in annual revenue	60%	14%	45%
Below \$150k in annual revenue	4%	34%	(31%)

- 1) Agents generating below \$150k of annual revenue generate Compass 900 bps more on average than \$1m+ agents
- 2) If Compass had the exact same distribution of agents as the market, it would result in 584 bps of additional margin
- 3) We assume 190 bps (33% of the total opportunity) will be realized by FY 2025, with the rest being realized in the longer term

We expect Revenue less Commissions as a % of Revenue to improve from 19.3% in 2021 to 23.8% in 2025 driven by improving agent economics and growth in adjacent services

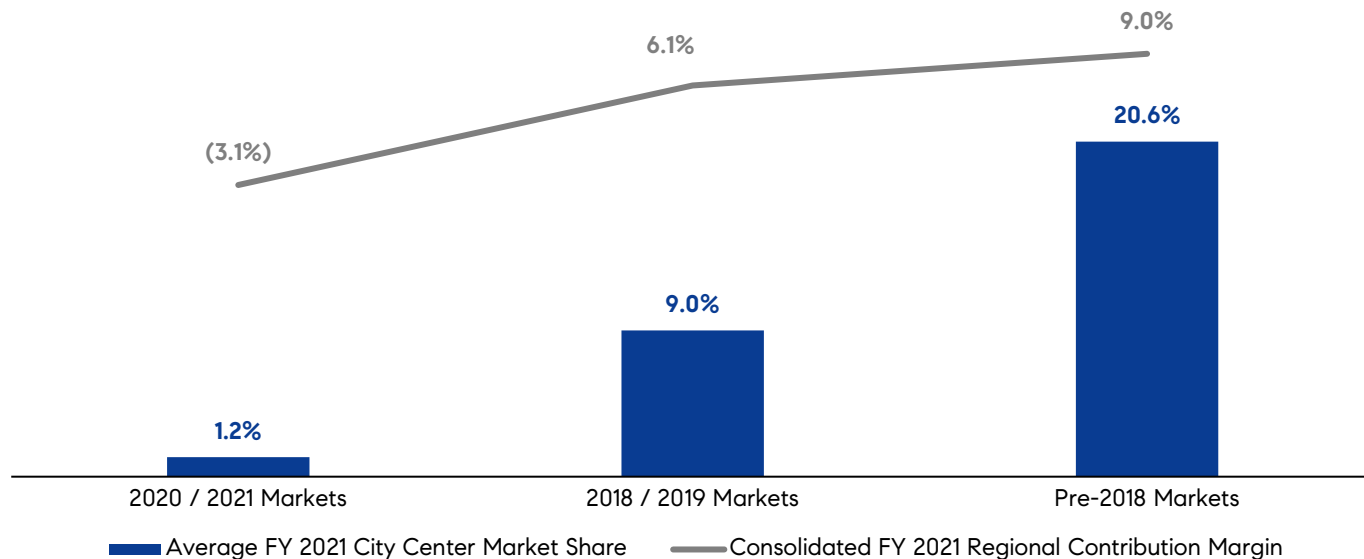
Revenue less Commissions as a % of Revenue Margin Bridge



Market share and Regional Contribution by market continues to improve over time ...

Regional Contribution and City Center Market Share

Our most mature markets are already generating 9.0% margins
We expect smaller markets and lower Average Transaction Value markets to show similar profitability trends to larger markets and markets with a higher Average Transaction Value



\$433

Million dollars of
Regional
Contribution⁽¹⁾ in
2021

6.7%

Total Company
Average FY 2021
Regional Contribution
Margin⁽²⁾

(1) Reflects revenue less non-GAAP commissions & other, non-GAAP sales & marketing, and non-GAAP operations & support
(2) Reflects revenue less non-GAAP commissions & other, non-GAAP sales & marketing, and non-GAAP operations & support divided by revenue

Adjacent Services ***significantly*** increase the revenue and profit per transaction

Illustrative Adjacent Services Unit Economics

Using \$1M Home with
2.5% Commission rate

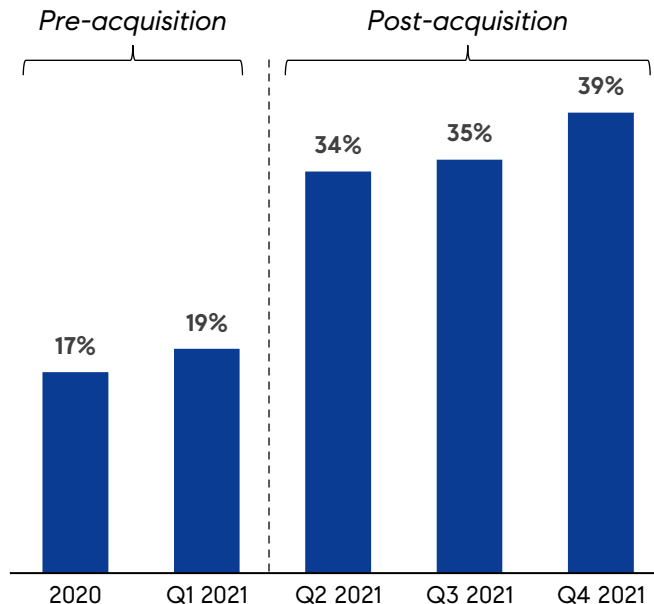
	Compass Revenue less Commissions \$5K		OriginPoint
	Title & Escrow \$4K	+ Mortgage JV ⁽¹⁾ NA	\$15K
Revenue			
Revenue per transaction after commissions	\$9K	\$5K	\$15K
EBITDA per transaction	\$4.1K ⁽²⁾	\$5.1K ⁽³⁾	\$5.3K ⁽⁴⁾
Best-in-class EBITDA Margins	40%	17.5%	35%

Adjacent Services Future Opportunity

	Title & Escrow	Mortgage	OriginPoint
Total Compass Transactions	500,000	500,000	500,000
Buy-side / Sell-side Mix	x	x	x
	~50/50	~50/50	~50/50
	=	=	=
Addressable Transactions	250,000	250,000	250,000
	x	x	x
Best-in-class Attach rates	50%	35%	35%
	=	=	=
Total Transactions	125,000	87,500	87,500
Revenue	\$500M	NA	\$1,313M
Adj. EBITDA	\$200M 40% margin	\$230M	\$460M 35% margin

Washington DC Region Title Case Study – Attach Rates

In 1Q2021, Compass acquired a title business in DC that already had 17–19% attach rates and strong brand recognition with Compass agents. Those attach rates more than doubled to nearly 40% under Compass ownership



⁽¹⁾ Not consolidated into financial statements

⁽²⁾ Assumes \$2.5k for brokerage (10% EBITDA margin for Compass Revenue and 50% EBITDA margin for Compass Revenue after paying out agent commissions)

⁽³⁾ Reflects 49.9% ownership of OriginPoint, 35% margins for OriginPoint, and 17.5% margins for Compass

⁽⁴⁾ Assumes 35% EBITDA margin

Revenue Build and EBITDA in 2019 to 2021

Model Math	Key Drivers	2019	2020	2021
	Average Principal Agents	6,787	8,686	11,058
x	Transactions per Average Principal Agent	12.8	16.7	20.4
=	Total Transactions	87,158	144,784	225,272
x	Average Transaction Value	\$1.12m	\$1.05m	\$1.13m
=	Gross Transaction Value	\$97.5bn	\$151.7bn	\$254.2bn
	Brokerage Revenue (GTV x Commission Rate ⁽¹⁾)	\$2,376m	\$3,702m	\$6,351m

+	Adjacent Services Revenue	\$10m	\$19m	\$70m
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=	Total Revenue	\$2,386m	\$3,721m	\$6,421m
	Adjusted EBITDA % margin	(\$325m) (13.6%)	(\$156m) (4.2%)	\$2m 0.0%

(1) In the industry, the commission rate ranges from 2.5% to 3.0%; Commission rate only applies to GTV; Brokerage revenue also includes rentals, referrals and other revenue sources with no corresponding GTV

2022 Expectations

Revenue	\$7.9B - \$8.1B <i>23% - 26% growth</i>
EBITDA	At least \$40m

In a zero-growth market environment, we still expect 18-19% top-line growth (\$1.2B incremental vs 2021) driven by ...

- *Annualized revenue from 2021 recruited agents*
 - *Revenue from 2022 recruited agents*
 - *Agent productivity uplift*

Targeting 10% Adjusted EBITDA Margin, or a minimum of \$1.2bn of EBITDA by 2025

P&L	2019	2020	2021	Improvement	2025	Assumptions
Revenue	100%	100%	100%		100%	
Commissions & Other % of Revenue	80.5%	82.0%	80.7%	(450) bps with (250) bps from improving agent economics and an additional (200)bps from adjacent services	76.2%	<ul style="list-style-type: none"> Commissions & Other as % of revenue improves by 450 bps due to improving agent economics and growing adjacent services 250 bps from improving economics with agents, moving from 81.6% to 79.1%, relative to other diversified national players at 75%. Demonstrated track record of increasing this ~100 bps per year 200 bps from growing adjacent services, including T&E (at 3 x FYE2021 run-rate) and 1-2 new adjacencies, to \$425m
Sales & Marketing % of Revenue	15.5%	10.4%	7.4%	(200) bps	5.4%	<ul style="list-style-type: none"> 200bps improvement modest relative to 400bps per year historical improvement CAC declining as evidenced by record recruiting quarter in Q4 with 31% less incentives than prior record quarter
Operations & Support % of Revenue	8.6%	5.5%	5.2%	(50) bps	4.7%	<ul style="list-style-type: none"> 50bps improvement as brokerage efficiencies continue offset by investment in Adjacent Services
Research & Development % of Revenue	5.4%	3.9%	4.2%	(130) bps	3.0%	<ul style="list-style-type: none"> 130bps improvement as R&D focus increasingly shifts to reducing brokerage operating costs via automation along with adjacent services integration
General & Administrative % of Revenue	3.7%	2.4%	2.5%	(100) bps	1.4%	<ul style="list-style-type: none"> 100bps improvement as automation and systems drive efficiencies limiting incremental cost
Mortgage Consolidation % of Revenue				(100) bps	1.0%	<ul style="list-style-type: none"> 100bps from equity-method accounting for Mortgage JV
Adjusted EBITDA % margin	(13.6)%	(4.2)%	0.0%		10.1%	
FCF % margin					8.0% - 9.0% ⁽¹⁾	

(1) Assumes utilization of NOLs to offset cash tax liabilities through 2025 as currently expected

Compass & Industry Historical Transactions and Sales Volume Seasonality

We expect Q1 to reflect 16.5% of FY 2022 revenue

NAR Historical Sales Volume Seasonality

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2016	18%	30%	29%	24%
2017	19%	30%	28%	24%
2018	19%	30%	28%	23%
2019	18%	29%	29%	24%
2020	18%	22%	31%	29%
2021	19%	27%	28%	25%
2016 - 2019	18%	30%	28%	24%

Compass Historical GTV Seasonality

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2018	11%	21%	28%	40%
2019	14%	30%	28%	28%
2020	17%	18%	31%	34%
2021	17%	30%	27%	25%

FY 2021 HIGHLIGHTS

FINANCIAL⁽¹⁾

\$6.4B | +73%

FY '21 Revenue & Y-o-Y Growth

80.7% | -130 BPS

FY '21 Non-GAAP Commission & Other Related Expenses as a % of Revenue & Y-o-Y Reduction

\$2M | +\$157M

FY '21 Adjusted EBITDA & Y-o-Y Change

(\$79M) | +\$23M

FY '21 Free Cash Flow & Y-o-Y Change

OPERATIONAL

11,058 | +27%

FY '21 Average Number of Principal Agents & Y-o-Y Growth

26,257 | +35%

FY '21 Total Agents & Y-o-Y Growth

225,272 | +56%

FY '21 Total Transactions & Y-o-Y Growth

\$254.2B | +68%

FY '21 Gross Transaction Volume & Y-o-Y Growth

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

Q4 2021 HIGHLIGHTS

FINANCIAL ⁽¹⁾

\$1.6B | +31%

Q4 '21 Revenue & Y-o-Y Growth

80.7% | -130 BPS

Q4 '21 Non-GAAP Commission & Other Related Expenses as a % of Revenue & Y-o-Y Reduction

(\$51M) | -\$43M

Q4 '21 Adjusted EBITDA & Y-o-Y Change

(\$93M) | -\$115M

Q4 '21 Free Cash Flow & Y-o-Y Change

OPERATIONAL

12,176 | +32%

Q4 '21 Average Number of Principal Agents & Y-o-Y Growth

26,257 | +35%

Q4 '21 Total Agents & Y-o-Y Growth

56,912 | +20%

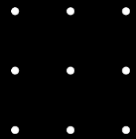
Q4 '21 Total Transactions & Y-o-Y Growth

\$64.3B | +24%

Q4 '21 Gross Transaction Volume & Y-o-Y Growth

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

Financial Tables



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

	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 618.3	\$ 440.1
Accounts receivable, net of allowance	48.5	54.8
Compass Concierge receivables, net of allowance	32.9	49.5
Other current assets	94.9	54.9
Total current assets	794.6	599.3
Property and equipment, net	157.4	141.7
Operating lease right-of-use assets	484.7	426.6
Intangible assets, net	127.2	45.6
Goodwill	188.3	119.8
Other non-current assets	48.4	32.1
Total assets	\$ 1,800.6	\$ 1,365.1
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 34.6	\$ 36.6
Commissions payable	63.9	62.0
Accrued expenses and other current liabilities	240.9	106.8
Current lease liabilities	81.5	68.1
Concierge credit facility	16.2	8.4
Total current liabilities	437.1	281.9
Non-current lease liabilities	483.0	435.9
Other non-current liabilities	32.9	23.5
Total liabilities	953.0	741.3
Convertible preferred stock	-	1,486.7
Stockholders' equity (deficit)		
Common stock	-	-
Additional paid-in capital	2,438.8	238.0
Accumulated deficit	(1,595.0)	(1,100.9)
Total Compass, Inc. stockholders' equity (deficit)	843.8	(862.9)
Non-controlling interest	3.8	-
Total stockholders' equity (deficit)	847.6	(862.9)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	\$ 1,800.6	\$ 1,365.1

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 1,612.1	\$ 1,230.3	\$ 6,421.0	\$ 3,720.8
Operating expenses:				
Commissions and other related expense ⁽¹⁾	1,347.3	1,009.7	5,310.5	3,056.9
Sales and marketing ⁽¹⁾	144.2	110.9	510.4	407.9
Operations and support ⁽¹⁾	111.2	66.2	374.9	225.1
Research and development ⁽¹⁾	105.5	39.6	365.3	146.3
General and administrative ⁽¹⁾	57.0	31.0	288.5	106.7
Depreciation and amortization	19.3	13.1	64.4	51.2
Total operating expenses	1,784.5	1,270.5	6,914.0	3,994.1
Loss from operations	(172.4)	(40.2)	(493.0)	(273.3)
Investment income, net	-	-	0.1	2.0
Interest expense	(0.6)	(0.4)	(2.4)	(0.6)
Loss before income taxes and equity in loss	(173.0)	(40.6)	(495.3)	(271.9)
Income tax (expense) benefit	(0.8)	0.8	2.5	1.7
Equity in loss of unconsolidated entity	(1.0)	-	(1.3)	-
Net loss	\$ (174.8)	\$ (39.8)	\$ (494.1)	\$ (270.2)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.43)	\$ (0.36)	\$ (1.51)	\$ (2.46)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	403,976,859	111,459,710	326,336,128	109,954,760

(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,	
	2021	2020	2021	2020
Commissions and other related expense	\$ 46.1	\$ 0.6	\$ 128.7	\$ 5.7
Sales and marketing	10.5	8.0	38.4	16.0
Operations and support	4.6	1.3	16.9	3.5
Research and development	16.5	0.3	92.7	1.4
General and administrative	15.7	2.8	109.6	16.6
Total stock-based compensation expense	\$ 93.4	\$ 13.0	\$ 386.3	\$ 43.2

Stock-based compensation expense for the year ended December 31, 2021 includes the following amounts related to a one-time acceleration of stock-based compensation expense in connection with the IPO (in millions):

	IPO Related Expense
Commissions and other related expense	\$ 41.7
Sales and marketing	1.8
Operations and support	3.1
Research and development	46.9
General and administrative	55.0
Total stock-based compensation expense	\$ 148.5

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

	Year Ended December 31,	
	2021	2020
Operating Activities		
Net loss	\$ (494.1)	\$ (270.2)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	64.4	51.2
Stock-based compensation	386.3	43.2
Equity in loss of unconsolidated entity	1.3	-
Change in acquisition related contingent consideration	(4.7)	8.9
Bad debt expense	8.9	16.0
Amortization of debt issuance costs	1.1	0.3
Changes in operating assets and liabilities:		
Accounts receivable	8.5	(16.3)
Compass Concierge receivables	9.4	16.6
Other current assets	(40.0)	19.4
Other non-current assets	(11.8)	(4.9)
Operating lease right-of-use assets and operating lease liabilities	2.4	34.6
Accounts payable	(3.3)	(6.5)
Commissions payable	(0.3)	29.1
Accrued expenses and other liabilities	43.3	20.5
Net cash used in operating activities	(28.6)	(58.1)
Investing Activities		
Proceeds from sales and maturities of marketable securities	-	55.5
Investment in unconsolidated entity	(5.0)	-
Capital expenditures	(50.1)	(43.3)
Payments for acquisitions, net of cash acquired	(137.4)	(25.6)
Net cash used in investing activities	(192.5)	(13.4)
Financing Activities		
Proceeds from issuance of convertible preferred stock, net of issuance costs	-	1.0
Proceeds from exercise and early exercise of stock options	26.9	15.9
Taxes paid related to net share settlement of equity awards	(62.4)	-
Proceeds from drawdowns on Concierge credit facility	39.5	-
Repayments of drawdowns on Concierge credit facility	(31.7)	10.1
Payments of contingent consideration related to acquisitions	(10.7)	(3.0)
Payments of debt issuance costs for credit facilities	(1.9)	(3.2)
Payment of deferred offering costs	-	(0.9)
Proceeds from issuance of common stock upon initial public offering, net of offering costs	439.6	-
Net cash provided by financing activities	399.3	19.9
Net increase (decrease) in cash and cash equivalents	178.2	(51.6)
Cash and cash equivalents at beginning of period	440.1	491.7
Cash and cash equivalents at end of period	\$ 618.3	\$ 440.1

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

	Year Ended December 31,						
	2015	2016	2017	2018	2019	2020	2021
Net loss	\$ (42.2)	\$ (62.5)	\$ (64.8)	\$ (223.8)	\$ (388.0)	\$ (270.2)	\$ (494.1)
Adjusted to exclude the following:							
Depreciation and amortization	1.5	3.6	5.4	14.8	40.9	51.2	64.4
Investment income, net	(0.9)	(0.4)	(0.8)	(8.4)	(12.9)	(2.0)	(0.1)
Interest expense	-	-	-	-	-	0.6	2.4
Stock-based compensation	6.4	7.5	15.7	52.5	37.4	43.2	386.3
Income tax (benefit) expense	-	-	-	(5.5)	(0.9)	(1.7)	(2.5)
Restructuring charges ⁽¹⁾	-	-	-	-	1.7	10.3	-
Acquisition-related expenses (income) ⁽²⁾	-	-	-	2.1	(2.8)	13.1	23.9
Litigation charge ⁽³⁾	-	-	-	-	-	-	21.3
Adjusted EBITDA	<u>\$ (35.2)</u>	<u>\$ (51.8)</u>	<u>\$ (44.5)</u>	<u>\$ (168.3)</u>	<u>\$ (324.6)</u>	<u>\$ (155.5)</u>	<u>\$ 1.6</u>

(1) For the years ended December 31, 2019 and 2020, restructuring charges included \$0.0 million and \$6.0 million, respectively, in severance expense and \$1.7 million and \$4.3 million, respectively, in lease termination costs.

(2) For the years ended December 31, 2018, 2019, 2020 and 2021, acquisition-related expenses included losses (gains) of \$0.5 million, \$(9.9) million, \$8.9 million and \$(4.7) million, respectively, related to changes in the fair value of contingent consideration and \$1.6 million, \$7.1 million, \$4.2 million and \$28.6 million, respectively, in expenses related to acquisition consideration treated as compensation over the underlying retention periods.

(3) Represents a charge of \$21.3 million in connection with the settlement of the Avi Dorfman and RentJolt, Inc. matter.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net cash (used in) provided by operating activities ⁽¹⁾	\$ (76.9)	\$ 30.0	\$ (28.6)	\$ (58.1)
Less:				
Capital expenditures ⁽²⁾	(16.5)	(8.5)	(50.1)	(43.3)
Free cash flow	<u>\$ (93.4)</u>	<u>\$ 21.5</u>	<u>\$ (78.7)</u>	<u>\$ (101.4)</u>

- (1) For the three months ended December 31, 2021 and 2020, Net cash (used in) provided by Operating Activities is calculated by subtracting Net cash provided by (used in) operating activities for the nine months ended September 30, 2021 and 2020 of \$48.3 million and (\$88.1) million, respectively, as disclosed in the Condensed Consolidated Statements of Cash Flows incorporated in the Form 10-Q filed on November 12, 2021 from the Net cash (used in) provided by operating Activities for the year ended December 31, 2021 and 2020 of \$(28.6) million and \$(58.1) million, respectively.
- (2) For the three months ended December 31, 2021 and 2020, Capital expenditures is calculated by subtracting Capital expenditures for the nine months ended September 30, 2021 and 2020 of \$33.6 million and \$34.8 million, respectively, as disclosed in the Condensed Consolidated Statements of Cash Flows incorporated in the Form 10-Q filed on November 12, 2021 from the Capital expenditures for the year ended December 31, 2021 and 2020 of \$50.1 million and \$43.3 million, respectively.

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

Three Months Ended December 31, 2021					
	Commissions and other related expense	Sales and marketing	Operations and support	Research and development	General and administrative
GAAP Basis	\$ 1,347.3	\$ 144.2	\$ 111.2	\$ 105.5	\$ 57.0
Adjusted to exclude the following:					
Stock-based compensation	(46.1)	(10.5)	(4.6)	(16.5)	(15.7)
Acquisition-related expenses	-	-	(9.4)	-	-
Non-GAAP Basis	\$ 1,301.2	\$ 133.7	\$ 97.2	\$ 89.0	\$ 41.3

Three Months Ended December 31, 2020					
	Commissions and other related expense	Sales and marketing	Operations and support	Research and development	General and administrative
GAAP Basis	\$ 1,009.7	\$ 110.9	\$ 66.2	\$ 39.6	\$ 31.0
Adjusted to exclude the following:					
Stock-based compensation	(0.6)	(8.0)	(1.3)	(0.3)	(2.8)
Restructuring charges	-	(0.1)	-	-	-
Acquisition-related expenses	-	-	(6.0)	-	-
Non-GAAP Basis	\$ 1,009.1	\$ 102.8	\$ 58.9	\$ 39.3	\$ 28.2

Year Ended December 31, 2021					
	Commissions and other related expense	Sales and marketing	Operations and support	Research and development	General and administrative
GAAP Basis	\$ 5,310.5	\$ 510.4	\$ 374.9	\$ 365.3	\$ 288.5
Adjusted to exclude the following:					
Stock-based compensation	(128.7)	(38.4)	(16.9)	(92.7)	(109.6)
Acquisition-related expenses	-	-	(23.9)	-	-
Litigation charge	-	-	-	-	(21.3)
Non-GAAP Basis	\$ 5,181.8	\$ 472.0	\$ 334.1	\$ 272.6	\$ 157.6

Year Ended December 31, 2020					
	Commissions and other related expense	Sales and marketing	Operations and support	Research and development	General and administrative
GAAP Basis	\$ 3,056.9	\$ 407.9	\$ 225.1	\$ 146.3	\$ 106.7
Adjusted to exclude the following:					
Stock-based compensation	(5.7)	(16.0)	(3.5)	(1.4)	(16.6)
Restructuring charges	-	(5.8)	(2.9)	(0.7)	(0.9)
Acquisition-related expenses	-	-	(13.1)	-	-
Non-GAAP Basis	\$ 3,051.2	\$ 386.1	\$ 205.6	\$ 144.2	\$ 89.2

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Total Transactions	56,912	47,406	225,272	144,784
Gross Transaction Value (in billions)	\$ 64.3	\$ 51.9	\$ 254.2	\$ 151.7
Average Number of Principal Agents	12,176	9,210	11,058	8,686
Net Loss (in millions)	\$ (174.8)	\$ (39.8)	\$ (494.1)	\$ (270.2)
Net Loss Margin	-10.8%	-3.2%	-7.7%	-7.3%
Adjusted EBITDA (in millions)	\$ (51.3)	\$ (8.0)	\$ 1.6	\$ (155.5)
Adjusted EBITDA Margin	-3.2%	-0.7%	0.0%	-4.2%

Selected Non-GAAP Operating Expenses *(in millions, unaudited)*

	Three Months Ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Selected non-GAAP operating expenses:				
Sales and marketing ⁽¹⁾	\$ 102.3	\$ 115.7	\$ 120.3	\$ 133.7
Operations and support ⁽¹⁾⁽²⁾	64.0	84.0	88.9	97.2
Research and development ⁽¹⁾	47.1	60.0	76.5	89.0
General and administrative ⁽¹⁾⁽³⁾	33.5	41.7	41.1	41.3
Total non-GAAP operating	<u>\$ 246.9</u>	<u>\$ 301.4</u>	<u>\$ 326.8</u>	<u>\$ 361.2</u>

- (1) Non-GAAP operating expenses exclude stock-based compensation expense for each of the three month periods presented as follows (in millions):

	Three Months Ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Sales and marketing	\$ 9.0	\$ 8.6	\$ 10.3	\$ 10.5
Operations and support	5.0	2.8	4.5	4.6
Research and development	49.5	13.5	13.2	16.5
General and administrative	59.4	17.7	16.8	15.7
Total stock-based compensation expense	<u>\$ 122.9</u>	<u>\$ 42.6</u>	<u>\$ 44.8</u>	<u>\$ 47.3</u>

- (2) Non-GAAP operations and support excludes \$1.0 million, \$9.9 million, \$3.6 million and \$9.4 million in acquisition related expenses for the three months ended March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021, respectively.
- (3) For the three months ended September 30, 2021, non-GAAP general and administrative excludes a \$21.3 million litigation charge in connection with the settlement of the Avi Dorfman and RentJolt, Inc. matter.

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