

	<h1>COMPASS</h1>	
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4Q & FY 2022

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 2023, planned operating expense and cash flow levels for the second quarter and full year of 2023, 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 macroeconomic conditions in the U.S. and globally (e.g., inflation), economic and industry downturns, 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 (e.g., increases in mortgage interest rates, continued limited inventory, slowed consumer demand, reduced home affordability and declines in price appreciation and home prices); current interest rates and changes in prevailing interest rates; our ability to continuously innovate, improve and expand our platform; the dependability of our platform and software; 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 grow revenue from adjacent services at our anticipated rate; our ability to achieve expected benefits from our mortgage and title & escrow businesses, including our joint ventures; our rapid growth and rate of growth; our ability to carefully manage our expense structure; our net losses and ability to achieve or sustain profitability in the future; covenants in our debt agreements that may restrict our borrowing capacity or operating activities; 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 pursue acquisitions and integrate target companies; the loss of key personnel; our ability to attract and retain highly qualified personnel and to recruit agents; reliability of our information security systems; the impact of cybersecurity incidents and the potential loss of critical and confidential information; identification of material weaknesses in our internal control over financial reporting and our ability to remediate such material weaknesses; compliance with privacy laws; 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; impact of having a multi-class structure of common stock; natural disasters and catastrophic events; and other general market, political, economic, and business conditions. Additionally, these forward-looking statements, particularly our expected financial results, involve risks, uncertainties and assumptions, including those related to general macroeconomic conditions, mortgage interest rates 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.

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 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 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 measures in the Financial Tables at the end of this presentation.

4Q 2022 Highlights

FINANCIAL⁽¹⁾

\$1.11B | -31%

4Q22 Revenue & Y-o-Y Change

80.9% | +20 BPS

4Q22 Non-GAAP Commission & Other Related Expenses as a % of Revenue & Y-o-Y Change

-\$75M | -\$24M

4Q22 Adjusted EBITDA & Y-o-Y Change

-\$131M | -\$38M

4Q22 Free Cash Flow & Y-o-Y Change

OPERATIONAL

13,426 | +10%

4Q22 Average Number of Principal Agents & Y-o-Y Growth

29,018 | +13%

4Q22 Total Avg Agents & Y-o-Y Growth

42,719 | -25%

4Q22 Total Transactions & Y-o-Y Change

\$42.5B | -34%

4Q22 Gross Transaction Value & Y-o-Y Change

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

FY 2022 Highlights

FINANCIAL⁽¹⁾

\$6.02B | -6%

FY22 Revenue & Y-o-Y Change

81.0% | +30 BPS

FY22 Non-GAAP Commission & Other Related Expenses as a % of Revenue & Y-o-Y Change

-\$210M | -\$212M

FY22 Adjusted EBITDA & Y-o-Y Change

-\$362M | -\$283M

FY22 Free Cash Flow & Y-o-Y Change

OPERATIONAL

13,073 | +18%

FY22 Average Number of Principal Agents & Y-o-Y Growth

28,237 | +22%

FY22 Total Avg Agents & Y-o-Y Growth

211,538 | -6%

FY22 Total Transactions & Y-o-Y Change

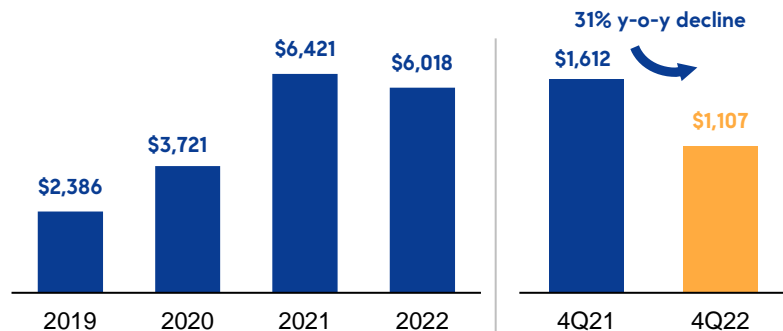
\$230.3B | -9%

FY22 Gross Transaction Value & Y-o-Y Change

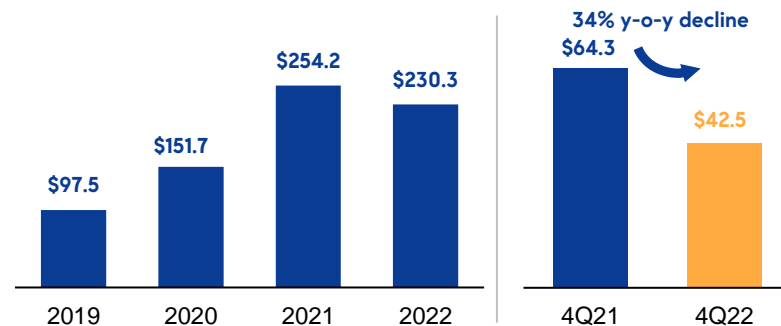
(1) See Financial Tables section for a reconciliation of GAAP to Non-GAAP measures

Compass Saw Macro Headwinds in 2022

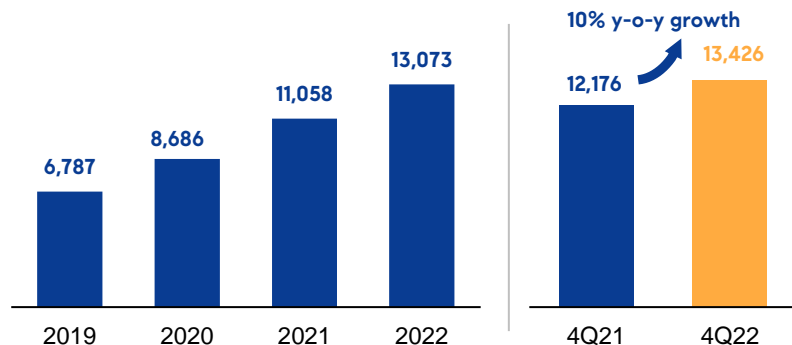
Total Revenue (\$M)



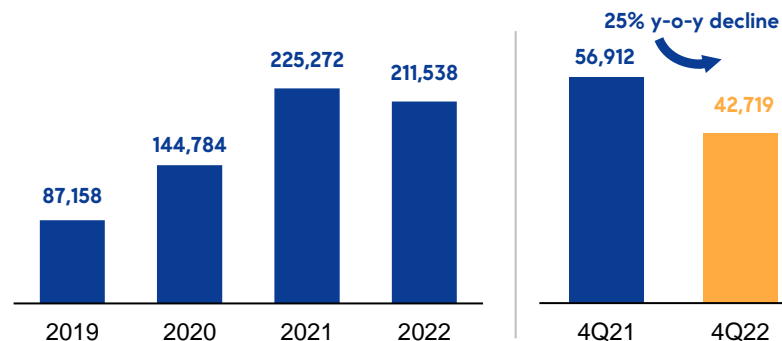
Gross Transaction Value (\$B)



Average Number of Principal Agents



Total Transactions



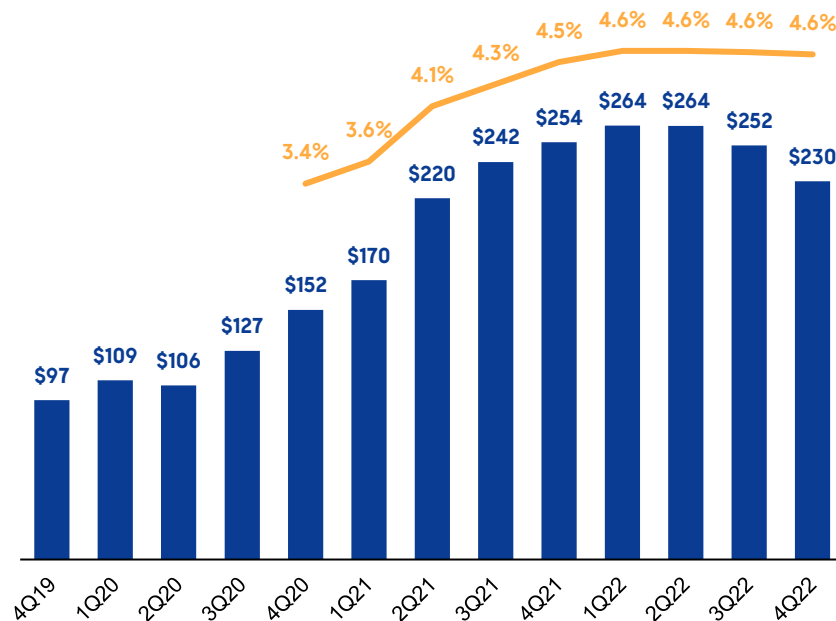
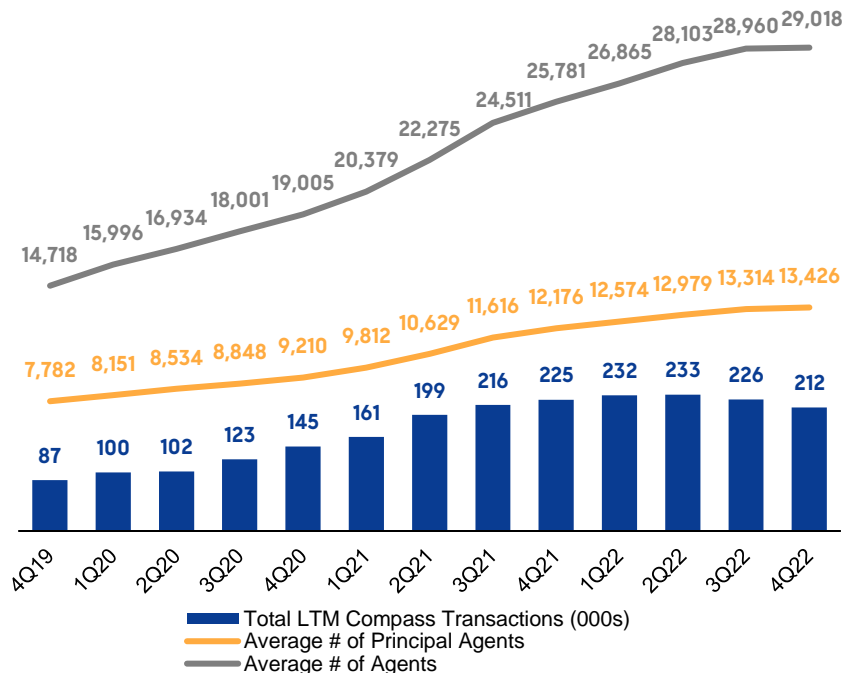
Agent Count Growth and Transactions Trends

CAGRs 4Q19 – 4Q22:

Total average agents: 25%
 Average principal agents: 20%
 Compass transactions (LTM): 34%
 Industry transactions (LTM)⁽¹⁾: (2)%

CAGR 4Q19 – 4Q22:

GTV (LTM): 33%
 Industry GTV (LTM)⁽¹⁾: 15%



(1) As reported by NAR

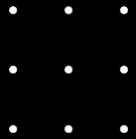
1Q 2023

Revenue	\$850 - \$950 million
Adjusted EBITDA	\$(90) - \$(70) million
Weighted-Average Share Count	447 – 452 million

FY 2023

Non-GAAP Operating Expenses	\$850 - \$950 million
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Appendix



Compass & Industry Historical Transactions and Sales Volume Seasonality

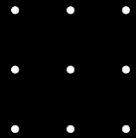
NAR Historical Sales Volume Seasonality

	<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	17%	21%	32%	30%
2021	18%	28%	28%	25%
2022	22%	31%	27%	20%

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%
2022	23%	33%	25%	18%

Financial Tables



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

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 361.9	\$ 618.3
Accounts receivable, net of allowance	36.6	48.5
Compass Concierge receivables, net of allowance	42.9	32.9
Other current assets	76.5	94.9
Total current assets	517.9	794.6
Property and equipment, net	192.5	157.4
Operating lease right-of-use assets	483.2	484.7
Intangible assets, net	99.3	127.2
Goodwill	198.4	188.3
Other non-current assets	41.8	48.4
Total assets	<u>\$ 1,533.1</u>	<u>\$ 1,800.6</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 28.1	\$ 34.6
Commissions payable	48.0	63.9
Accrued expenses and other current liabilities	164.9	240.9
Current lease liabilities	94.6	81.5
Concierge credit facility	31.9	16.2
Revolving credit facility	150.0	—
Total current liabilities	517.5	437.1
Non-current lease liabilities	486.5	483.0
Other non-current liabilities	8.4	32.9
Total liabilities	<u>1,012.4</u>	<u>953.0</u>
Stockholders' equity		
Common stock	—	—
Additional paid-in capital	2,713.6	2,438.8
Accumulated deficit	(2,196.5)	(1,595.0)
Total Compass, Inc. stockholders' equity	517.1	843.8
Non-controlling interest	3.6	3.8
Total stockholders' equity	520.7	847.6
Total liabilities and stockholders' equity	<u>\$ 1,533.1</u>	<u>\$ 1,800.6</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenue	\$ 1,107.2	\$ 1,612.1	\$ 6,018.0	\$ 6,421.0
Operating expenses:				
Commissions and other related expense ⁽¹⁾	918.8	1,347.3	4,936.1	5,310.5
Sales and marketing ⁽¹⁾	130.8	144.2	575.1	510.4
Operations and support ⁽¹⁾	83.5	111.2	392.4	374.9
Research and development ⁽¹⁾	63.4	105.5	360.3	365.3
General and administrative ⁽¹⁾	41.1	57.0	208.1	288.5
Restructuring costs	1.2	—	49.1	—
Depreciation and amortization	21.2	19.3	86.3	64.4
Total operating expenses	1,260.0	1,784.5	6,607.4	6,914.0
Loss from operations	(152.8)	(172.4)	(589.4)	(493.0)
Investment income, net	1.3	—	2.8	0.1
Interest expense	(1.3)	(0.6)	(3.6)	(2.4)
Loss before income taxes and equity in loss of unconsolidated entity	(152.8)	(173.0)	(590.2)	(495.3)
Income tax (expense) benefit	(0.5)	(0.8)	0.9	2.5
Equity in loss of unconsolidated entity	(4.7)	(1.0)	(12.2)	(1.3)
Net loss	(158.0)	(174.8)	(601.5)	(494.1)
Net income attributable to non-controlling interests	(0.1)	—	—	—
Net loss attributable to Compass, Inc.	\$ (158.1)	\$ (174.8)	\$ (601.5)	\$ (494.1)
Net loss per share attributable to Compass, Inc., basic and diluted	\$ (0.36)	\$ (0.43)	\$ (1.40)	\$ (1.51)
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	436,568,882	403,976,859	428,169,180	326,336,128

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Commissions and other related expense	\$ 22.9	\$ 46.1	\$ 59.0	\$ 128.7
Sales and marketing	9.3	10.5	42.0	38.4
Operations and support	3.3	4.6	15.6	16.9
Research and development	12.3	16.5	57.5	92.7
General and administrative	13.6	15.7	60.4	109.6
Total stock-based compensation expense	\$ 61.4	\$ 93.4	\$ 234.5	\$ 386.3

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:

	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,	
	2022	2021
Operating Activities		
Net loss	\$ (601.5)	\$ (494.1)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	86.3	64.4
Stock-based compensation	234.5	386.3
Equity in loss of unconsolidated entity	12.2	1.3
Change in acquisition related contingent consideration	(2.2)	(4.7)
Bad debt expense	7.3	8.9
Amortization of debt issuance costs	0.9	1.1
Changes in operating assets and liabilities:		
Accounts receivable	6.5	8.5
Compass Concierge receivables	(11.7)	9.4
Other current assets	17.6	(40.0)
Other non-current assets	9.8	(11.8)
Operating lease right-of-use assets and operating lease liabilities	5.8	2.4
Accounts payable	(4.8)	(3.3)
Commissions payable	(15.9)	(0.3)
Accrued expenses and other liabilities	(36.5)	43.3
Net cash used in operating activities	<u>(291.7)</u>	<u>(28.6)</u>
Investing Activities		
Investment in unconsolidated entity	(15.0)	(5.0)
Capital expenditures	(70.1)	(50.1)
Payments for acquisitions, net of cash acquired	<u>(15.0)</u>	<u>(137.4)</u>
Net cash used in investing activities	<u>(100.1)</u>	<u>(192.5)</u>
Financing Activities		
Proceeds from exercise and early exercise of stock options	9.0	26.9
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	2.3	—
Taxes paid related to net share settlement of equity awards	(23.5)	(62.4)
Proceeds from drawdowns on Concierge credit facility	59.0	39.5
Repayments of drawdowns on Concierge credit facility	(43.3)	(31.7)
Proceeds from drawdowns on Revolving credit facility	150.0	—
Payments related to acquisitions, including contingent consideration	(17.5)	(10.7)
Proceeds from issuance of common stock upon initial public offering, net of offering costs	—	439.6
Other	<u>(0.6)</u>	<u>(1.9)</u>
Net cash provided by financing activities	<u>135.4</u>	<u>399.3</u>
Net (decrease) increase in cash and cash equivalents	(256.4)	178.2
Cash and cash equivalents at beginning of period	<u>618.3</u>	<u>440.1</u>
Cash and cash equivalents at end of period	<u>\$ 361.9</u>	<u>\$ 618.3</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net loss attributable to Compass, Inc.	\$ (158.1)	\$ (174.8)	\$ (601.5)	\$ (494.1)
Adjusted to exclude the following:				
Depreciation and amortization	21.2	19.3	86.3	64.4
Investment income, net	(1.3)	—	(2.8)	(0.1)
Interest expense	1.3	0.6	3.6	2.4
Stock-based compensation	61.4	93.4	234.5	386.3
Income tax expense (benefit)	0.5	0.8	(0.9)	(2.5)
Restructuring costs	1.2	—	49.1	—
Acquisition-related expenses ⁽¹⁾	(1.5)	9.4	11.2	23.9
Litigation charges ⁽²⁾	—	—	10.5	21.3
Adjusted EBITDA	<u>\$ (75.3)</u>	<u>\$ (51.3)</u>	<u>\$ (210.0)</u>	<u>\$ 1.6</u>

(1) For the three months ended December 31, 2022 and 2021, acquisition-related expenses includes gains of \$0.3 million and \$0.3 million, respectively, as a result of changes in the fair value of contingent consideration and a gain of \$1.2 million and expense of \$9.7 million, respectively, in connection with acquisition consideration treated as compensation expense over the underlying retention periods. For the years ended December 31, 2022 and 2021, acquisition-related expenses includes gains of \$2.2 million and \$4.7 million, respectively, as a result of changes in the fair value of contingent consideration and \$13.4 million and \$28.6 million, respectively, in expenses 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 and a \$21.3 million charge incurred during year ended December 31, 2021 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,	
	2022	2021	2022	2021
Net cash used in operating activities	\$ (117.8)	\$ (76.9)	\$ (291.7)	\$ (28.6)
Less:				
Capital expenditures	(13.2)	(16.5)	(70.1)	(50.1)
Free cash flow	<u>\$ (131.0)</u>	<u>\$ (93.4)</u>	<u>\$ (361.8)</u>	<u>\$ (78.7)</u>

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

	Three Months Ended				Year Ended
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
GAAP Commissions and other related expense	\$ 1,146.4	\$ 1,652.9	\$ 1,218.0	\$ 918.8	\$ 4,936.1
Adjusted to exclude the following:					
Stock-based compensation	(17.0)	(6.4)	(12.7)	(22.9)	(59.0)
Non-GAAP Commissions and other related expense	<u>\$ 1,129.4</u>	<u>\$ 1,646.5</u>	<u>\$ 1,205.3</u>	<u>\$ 895.9</u>	<u>\$ 4,877.1</u>
GAAP Sales and marketing	\$ 145.0	\$ 154.9	\$ 144.4	\$ 130.8	\$ 575.1
Adjusted to exclude the following:					
Stock-based compensation	(10.7)	(11.2)	(10.8)	(9.3)	(42.0)
Non-GAAP Sales and marketing	<u>\$ 134.3</u>	<u>\$ 143.7</u>	<u>\$ 133.6</u>	<u>\$ 121.5</u>	<u>\$ 533.1</u>
GAAP Operations and support	\$ 108.9	\$ 104.9	\$ 95.1	\$ 83.5	\$ 392.4
Adjusted to exclude the following:					
Stock-based compensation	(4.3)	(4.1)	(3.9)	(3.3)	(15.6)
Acquisition-related expenses	(8.1)	(3.0)	(1.6)	1.5	(11.2)
Non-GAAP Operations and support	<u>\$ 96.5</u>	<u>\$ 97.8</u>	<u>\$ 89.6</u>	<u>\$ 81.7</u>	<u>\$ 365.6</u>
GAAP Research and development	\$ 108.2	\$ 107.2	\$ 81.5	\$ 63.4	\$ 360.3
Adjusted to exclude the following:					
Stock-based compensation	(16.9)	(18.9)	(9.4)	(12.3)	(57.5)
Non-GAAP Research and development	<u>\$ 91.3</u>	<u>\$ 88.3</u>	<u>\$ 72.1</u>	<u>\$ 51.1</u>	<u>\$ 302.8</u>
GAAP General and administrative	\$ 55.3	\$ 55.2	\$ 56.5	\$ 41.1	\$ 208.1
Adjusted to exclude the following:					
Stock-based compensation	(14.9)	(18.6)	(13.3)	(13.6)	(60.4)
Litigation charge	—	—	(10.5)	—	(10.5)
Non-GAAP General and administrative	<u>\$ 40.4</u>	<u>\$ 36.6</u>	<u>\$ 32.7</u>	<u>\$ 27.5</u>	<u>\$ 137.2</u>

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

	Three Months Ended				Year Ended
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
Sales and marketing	\$ 134.3	\$ 143.7	\$ 133.6	\$ 121.5	\$ 533.1
Operations and support	96.5	97.8	89.6	81.7	365.6
Research and development	91.3	88.3	72.1	51.1	302.8
General and administrative	40.4	36.6	32.7	27.5	137.2
Total non-GAAP Operating expenses excluding commissions and other related expense	\$ 362.5	\$ 366.4	\$ 328.0	\$ 281.8	\$ 1,338.7

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total Transactions	42,719	56,912	211,538	225,272
Gross Transaction Value (in billions)	\$ 42.5	\$ 64.3	\$ 230.3	\$ 254.2
Average Number of Principal Agents	13,426	12,176	13,073	11,058
Net loss attributable to Compass, Inc. (in millions)	\$ (158.1)	\$ (174.8)	\$ (601.5)	\$ (494.1)
Net loss attributable to Compass, Inc. margin	(14.3%)	(10.8%)	(10.0%)	(7.7%)
Adjusted EBITDA (in millions)	\$ (75.3)	\$ (51.3)	\$ (210.0)	\$ 1.6
Adjusted EBITDA margin	(6.8%)	(3.2%)	(3.5%)	0.0%

Non-GAAP Commissions & Other Related Expense Excluding Agent Equity Program Contributions *(in millions, unaudited)*

	Three Months Ended							
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
GAAP Commissions & other related expense	\$ 942.2	\$ 1,590.4	\$ 1,430.6	\$ 1,347.3	\$ 1,146.4	\$ 1,652.9	\$ 1,218.0	\$ 918.8
Adjusted for the following:								
Stock-based compensation related to the Agent Equity Program	(44.6)	(11.7)	(26.3)	(46.1)	(17.0)	(6.4)	(12.7)	(22.9)
Agent Equity Program contributions	20.1	34.2	27.6	23.6	11.8	16.3	11.6	7.8
Non-GAAP Commissions & other related expense excluding Agent Equity Program contributions	\$ 917.7	\$ 1,612.9	\$ 1,431.9	\$ 1,324.8	\$ 1,141.2	\$ 1,662.8	\$ 1,216.9	\$ 903.7

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