

COMPASS

2Q 2023

Business Update & Supplementary Information

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 third quarter and full year of 2023, planned operating expense and cash flow levels for the third 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 and 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. 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.

2Q 2023 Highlights

FINANCIAL⁽¹⁾

\$1,494M | -26%

2Q 2023 Revenue & Y-o-Y Change

18.1% | Improved 38 BPS⁽³⁾

2Q 2023 Revenue less Non-GAAP Commissions & Other Related Expense Excluding Impact of the Agent Equity Program as a % of Revenue & Y-o-Y Change

\$30M | Improved by \$26M

2Q 2023 Adjusted EBITDA & Y-o-Y Change

\$51M | Improved by \$81M

2Q 2023 Free Cash Flow & Y-o-Y Change

OPERATIONAL

13,633 | +3%

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

28,717 | +2%

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

54,207 | -19%

2Q 2023 Total Transactions & Y-o-Y Growth

\$56.8B | -26%

2Q 2023 Gross Transaction Value & Y-o-Y Growth

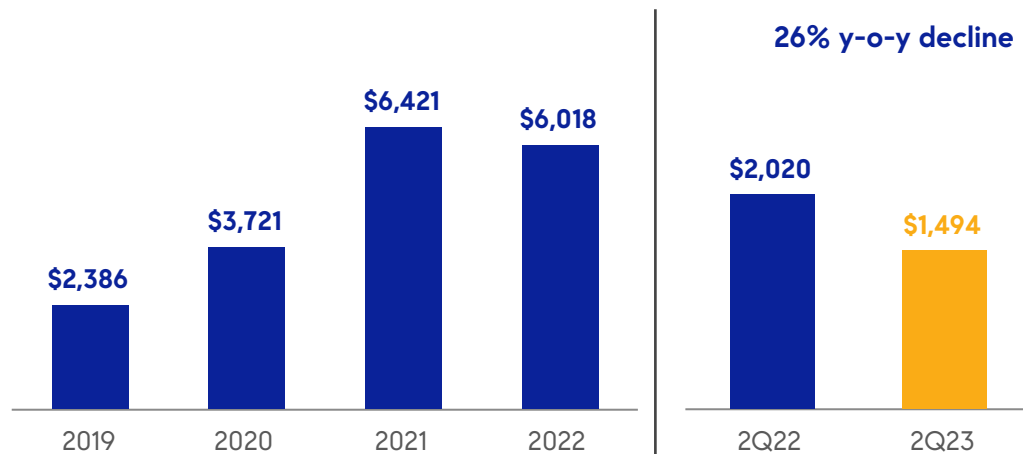
(1) See Financial Tables section for a reconciliation of GAAP to Non-GAAP measures.

(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.

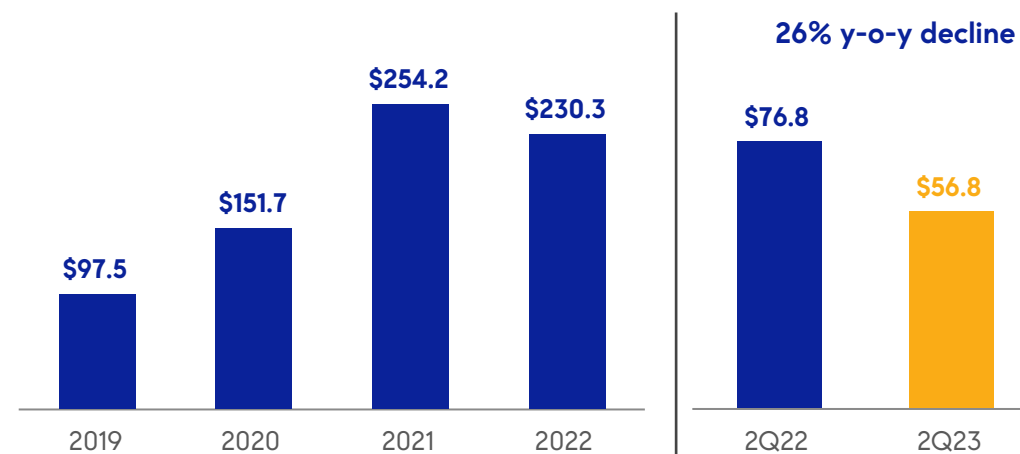
(3) Revenue less Non-GAAP Commissions & Other Related Expense as a percentage of revenue decreased by 42 basis points when including the impact of Agent Equity Program contributions in 2Q 2022.

Compass Saw Macro Headwinds in 2Q 2023

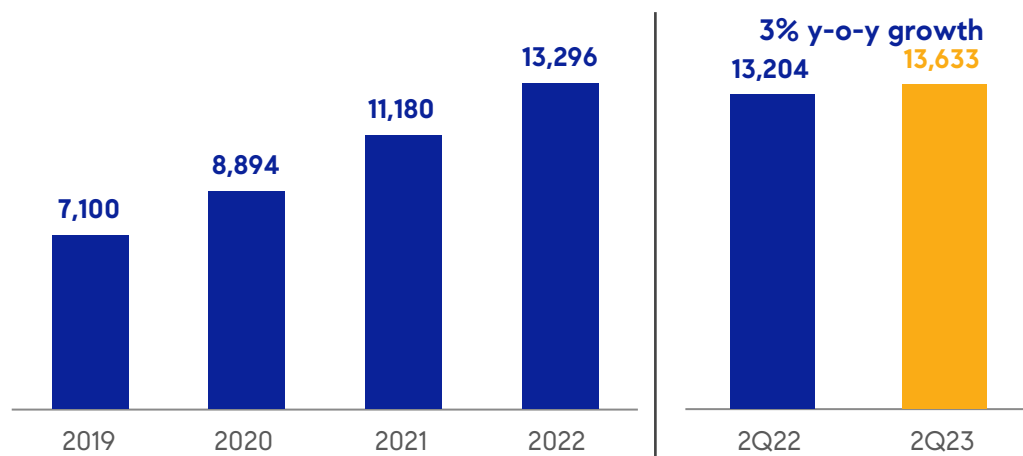
Total Revenue (\$M)



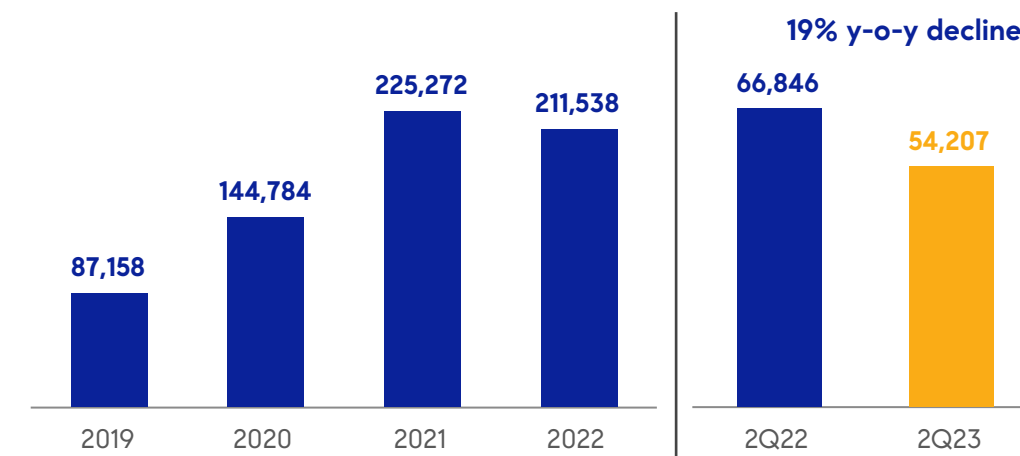
Gross Transaction Value (\$B)



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.

3Q 2023

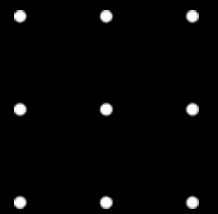
Revenue	\$1.3 - \$1.4 billion
Adjusted EBITDA	\$15 - \$35 million
Weighted-Average Share Count⁽¹⁾	466 – 470 million
Free Cash Flow Positive	

FY 2023

Non-GAAP Operating Expenses	\$850 - \$950 million
Free Cash Flow Positive	

⁽¹⁾ Weighted-average share count forecast excludes any potential special share issuances for mergers and acquisitions.

Financial Tables



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

	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 335.4	\$ 361.9
Accounts receivable, net of allowance	58.4	36.6
Compass Concierge receivables, net of allowance	36.4	42.9
Other current assets	63.7	76.5
Total current assets	493.9	517.9
Property and equipment, net	171.0	192.5
Operating lease right-of-use assets	439.2	483.2
Intangible assets, net	86.4	99.3
Goodwill	203.8	198.4
Other non-current assets	30.3	41.8
Total assets	<u>\$ 1,424.6</u>	<u>\$ 1,533.1</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 23.3	\$ 28.1
Commissions payable	97.0	48.0
Accrued expenses and other current liabilities	108.6	164.9
Current lease liabilities	101.4	94.6
Concierge credit facility	30.4	31.9
Revolving credit facility	150.0	150.0
Total current liabilities	510.7	517.5
Non-current lease liabilities	448.1	486.5
Other non-current liabilities	14.1	8.4
Total liabilities	<u>972.9</u>	<u>1,012.4</u>
Stockholders' equity		
Common stock	—	—
Additional paid-in capital	2,842.3	2,713.6
Accumulated deficit	(2,394.7)	(2,196.5)
Total Compass, Inc. stockholders' equity	447.6	517.1
Non-controlling interest	4.1	3.6
Total stockholders' equity	<u>451.7</u>	<u>520.7</u>
Total liabilities and stockholders' equity	<u>\$ 1,424.6</u>	<u>\$ 1,533.1</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 1,494.0	\$ 2,020.1	\$ 2,451.2	\$ 3,417.1
Operating expenses:				
Commissions and other related expense ⁽¹⁾	1,224.0	1,652.9	2,014.9	2,799.3
Sales and marketing ⁽¹⁾	113.3	154.9	228.6	299.9
Operations and support ⁽¹⁾	83.0	104.9	164.1	213.8
Research and development ⁽¹⁾	45.4	107.2	94.3	215.4
General and administrative ⁽¹⁾	34.7	55.2	69.1	110.5
Restructuring costs	15.9	18.9	26.0	18.9
Depreciation and amortization	22.3	25.4	47.2	44.1
Total operating expenses	1,538.6	2,119.4	2,644.2	3,701.9
Loss from operations	(44.6)	(99.3)	(193.0)	(284.8)
Investment income, net	2.5	0.3	5.4	0.4
Interest expense	(4.1)	(0.7)	(7.3)	(1.4)
Loss before income taxes and equity in loss of unconsolidated entity	(46.2)	(99.7)	(194.9)	(285.8)
Income tax benefit	—	1.5	—	1.4
Equity in loss of unconsolidated entity	(0.7)	(2.9)	(2.2)	(5.0)
Net loss	(46.9)	(101.1)	(197.1)	(289.4)
Net (income) loss attributable to non-controlling interests	(0.9)	(0.1)	(1.1)	0.2
Net loss attributable to Compass, Inc.	<u>\$ (47.8)</u>	<u>\$ (101.2)</u>	<u>\$ (198.2)</u>	<u>\$ (289.2)</u>
Net loss per share attributable to Compass, Inc., basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>	<u>\$ (0.44)</u>	<u>\$ (0.69)</u>
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	<u>460,960,349</u>	<u>427,987,083</u>	<u>455,538,666</u>	<u>421,719,718</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Commissions and other related expense	\$ —	\$ 6.4	\$ 11.6	\$ 23.4
Sales and marketing	9.0	11.2	17.6	21.9
Operations and support	4.1	4.1	7.1	8.4
Research and development	12.6	18.9	23.0	35.8
General and administrative	13.3	18.6	24.6	33.5
Total stock-based compensation expense	<u>\$ 39.0</u>	<u>\$ 59.2</u>	<u>\$ 83.9</u>	<u>\$ 123.0</u>

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

	Six Months Ended June 30,	
	2023	2022
Operating Activities		
Net loss	\$ (197.1)	\$ (289.4)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	47.2	44.1
Stock-based compensation	83.9	123.0
Equity in loss of unconsolidated entity	2.2	5.0
Change in acquisition related contingent consideration	0.6	(0.3)
Bad debt expense	2.8	3.4
Amortization of debt issuance costs	0.4	0.5
Changes in operating assets and liabilities:		
Accounts receivable	(24.1)	(14.5)
Compass Concierge receivables	5.9	(26.9)
Other current assets	12.4	(15.0)
Other non-current assets	9.4	(3.3)
Operating lease right-of-use assets and operating lease liabilities	9.5	3.9
Accounts payable	(4.9)	10.6
Commissions payable	49.0	31.9
Accrued expenses and other liabilities	0.6	6.7
Net cash used in operating activities	(2.2)	(120.3)
Investing Activities		
Investment in unconsolidated entity	—	(12.5)
Capital expenditures	(6.1)	(41.4)
Payments for acquisitions, net of cash acquired	—	(15.0)
Net cash used in investing activities	(6.1)	(68.9)
Financing Activities		
Proceeds from exercise of stock options	2.9	7.7
Proceeds from issuance of common stock under Employee Stock Purchase Plan	1.4	—
Taxes paid related to net share settlement of equity awards	(10.3)	(13.8)
Proceeds from drawdowns on Concierge credit facility	29.3	26.7
Repayments of drawdowns on Concierge credit facility	(30.8)	(12.5)
Proceeds from drawdowns on Revolving credit facility	75.0	—
Repayments of drawdowns on Revolving credit facility	(75.0)	—
Payments related to acquisitions, including contingent consideration	(10.2)	(6.7)
Other	(0.5)	—
Net cash (used in) provided by financing activities	(18.2)	1.4
Net decrease in cash and cash equivalents	(26.5)	(187.8)
Cash and cash equivalents at beginning of period	361.9	618.3
Cash and cash equivalents at end of period	\$ 335.4	\$ 430.5

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss attributable to Compass, Inc.	\$ (47.8)	\$ (101.2)	\$ (198.2)	\$ (289.2)
Adjusted to exclude the following:				
Depreciation and amortization	22.3	25.4	47.2	44.1
Investment income, net	(2.5)	(0.3)	(5.4)	(0.4)
Interest expense	4.1	0.7	7.3	1.4
Stock-based compensation	39.0	59.2	83.9	123.0
Income tax benefit	—	(1.5)	—	(1.4)
Restructuring costs	15.9	18.9	26.0	18.9
Acquisition-related expenses ⁽¹⁾	(0.9)	3.0	2.2	11.1
Adjusted EBITDA	<u>\$ 30.1</u>	<u>\$ 4.2</u>	<u>\$ (37.0)</u>	<u>\$ (92.5)</u>

⁽¹⁾ For the three months ended June 30, 2023 and 2022, acquisition-related expenses includes a \$0.2 million loss and a \$0.7 million gain, respectively, as a result of changes in the fair value of contingent consideration and a \$1.1 million gain and a \$3.7 million expense, respectively, related to acquisition consideration treated as compensation expense over the underlying retention periods. For the six months ended June 30, 2023 and 2022, acquisition-related expenses includes a \$0.2 million loss and a \$0.3 million gain, respectively, as a result of changes in the fair value of contingent consideration and expense of \$2.0 million and \$11.4 million, respectively, related to acquisition consideration treated as compensation expense over the underlying retention periods.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash provided by (used in) operating activities	\$ 53.3	\$ (9.3)	\$ (2.2)	\$ (120.3)
Less:				
Capital expenditures	(2.6)	(20.6)	(6.1)	(41.4)
Free cash flow	<u>\$ 50.7</u>	<u>\$ (29.9)</u>	<u>\$ (8.3)</u>	<u>\$ (161.7)</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
GAAP Commissions and other related expense	\$ 1,224.0	\$ 1,652.9	\$ 2,014.9	\$ 2,799.3
Adjusted to exclude the following:				
Stock-based compensation	—	(6.4)	(11.6)	(23.4)
Non-GAAP Commissions and other related expense	<u>\$ 1,224.0</u>	<u>\$ 1,646.5</u>	<u>\$ 2,003.3</u>	<u>\$ 2,775.9</u>
GAAP Sales and marketing	\$ 113.3	\$ 154.9	\$ 228.6	\$ 299.9
Adjusted to exclude the following:				
Stock-based compensation	(9.0)	(11.2)	(17.6)	(21.9)
Non-GAAP Sales and marketing	<u>\$ 104.3</u>	<u>\$ 143.7</u>	<u>\$ 211.0</u>	<u>\$ 278.0</u>
GAAP Operations and support	\$ 83.0	\$ 104.9	\$ 164.1	\$ 213.8
Adjusted to exclude the following:				
Stock-based compensation	(4.1)	(4.1)	(7.1)	(8.4)
Acquisition-related expenses	0.9	(3.0)	(2.2)	(11.1)
Non-GAAP Operations and support	<u>\$ 79.8</u>	<u>\$ 97.8</u>	<u>\$ 154.8</u>	<u>\$ 194.3</u>
GAAP Research and development	\$ 45.4	\$ 107.2	\$ 94.3	\$ 215.4
Adjusted to exclude the following:				
Stock-based compensation	(12.6)	(18.9)	(23.0)	(35.8)
Non-GAAP Research and development	<u>\$ 32.8</u>	<u>\$ 88.3</u>	<u>\$ 71.3</u>	<u>\$ 179.6</u>
GAAP General and administrative	\$ 34.7	\$ 55.2	\$ 69.1	\$ 110.5
Adjusted to exclude the following:				
Stock-based compensation	(13.3)	(18.6)	(24.6)	(33.5)
Non-GAAP General and administrative	<u>\$ 21.4</u>	<u>\$ 36.6</u>	<u>\$ 44.5</u>	<u>\$ 77.0</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
Sales and marketing	\$ 134.3	\$ 143.7	\$ 133.6	\$ 121.5	\$ 106.7	\$ 104.3
Operations and support	96.5	97.8	89.6	81.7	75.0	79.8
Research and development	91.3	88.3	72.1	51.1	38.5	32.8
General and administrative	40.4	36.6	32.7	27.5	23.1	21.4
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>

Revenue Less 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	March 31, 2023	June 30, 2023
Revenue	\$ 1,113.9	\$ 1,951.4	\$ 1,743.6	\$ 1,612.1	\$ 1,397.0	\$ 2,020.1	\$ 1,493.7	\$ 1,107.2	\$ 957.2	\$ 1,494.0
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	\$ 790.9	\$ 1,224.0
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)	(11.6)	—
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	\$ 779.3	\$ 1,224.0
Revenue less Non-GAAP Commissions & other related expense excluding Agent Equity Program contributions	\$ 196.2	\$ 338.5	\$ 311.7	\$ 287.3	\$ 255.8	\$ 357.3	\$ 276.8	\$ 203.5	\$ 177.9	\$ 270.0

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total Transactions ⁽¹⁾	54,207	66,846	90,093	114,213
Gross Transaction Value (in billions)	\$ 56.8	\$ 76.8	\$ 93.4	\$ 130.5
Average Number of Principal Agents ⁽²⁾	13,633	13,204	13,574	12,999
Net loss attributable to Compass, Inc. (in millions)	\$ (47.8)	\$ (101.2)	\$ (198.2)	\$ (289.2)
Net loss attributable to Compass, Inc. margin	(3.2%)	(5.0%)	(8.1%)	(8.5%)
Adjusted EBITDA (in millions)	\$ 30.1	\$ 4.2	\$ (37.0)	\$ (92.5)
Adjusted EBITDA margin	2.0%	0.2%	(1.5%)	(2.7%)

(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.

Investor Contact

Richard Simonelli
973-896-8184
richard.simonelli@compass.com

