
COMPASS

3Q 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 fourth quarter and full year of 2023, planned operating expense and cash flow levels for the fourth 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, including tools and features integrating machine learning and artificial intelligence; 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; ongoing regulatory and/or private plaintiff litigation activities related to antitrust matters; 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.

Agents returning to Compass for the technology said...

- "We miss the Compass technology. I've tried to make it work but life is so much harder now. So much less efficient and my costs of doing business have increased! Property searching with clients without Collections felt like going back in time 5 years."
- Pam Lumpkin, 310.993.7085
- "Collections allows me to work with 3-5x the amount of buyers at any given point in time that I otherwise would not have the bandwidth to take on" - Maggie Wu, 917.596.1474
- "I took a big step back with technology when I left Compass and should have come back sooner." - AJ Letterman, 203.218.0604
- "I really miss the tools, the mobile app and private exclusives. It all made my business so much easier. Everyone coming back to Compass is saying the same thing." - Joaquin Lopez, 858.717.0518
- "I can't tell you how excited I am to be coming back. I can't wait for the onboarding so I can begin using some of the tools right away."
- Jason Christie, 347.703.6225
- "My previous brokerage says they have great technology. I tell them all the time that Compass tech is better, needless to say, I need to come back."
- Philip Kaake, 510.397.8340
- "It was clear as soon as I left that the tech was not the same."
- Lindsay Hymson, 347.352.0989
- "I can't live without Compass technology. My previous brokerage provides nothing in comparison to what Compass has."
- Andrea Ruport, 510.213.4169
- "My previous brokerage has nothing like the Compass tech - it's not even close." - David DiPetro, 303.257.5813
- "I remember being here years ago and hearing Robert talk about what the tech would eventually look like, and being able to see this now really shows that he meant every word. This is even better than I could have imagined." - Aaron Seawood, 646.699.3969
- "I needed to come back more than I was ready to think about when we first spoke. The cutting edge technology is light years ahead of any other brokerage I've talked to." - Terry Kraus, 872.772.1777
- "Business has declined since we left. We couldn't function without Collections which forced us to turn down some of our buyers."
- Caroline Antonacci, 415.990.1258
- "I didn't realize at the time how important Compass' infrastructure is to my business. Hindsight is 20/20 and now it's crystal clear."
- Mina Garrett, 818.355.3635
- "You never realize how valuable the Compass platform is until you don't have it anymore. This is such a huge advantage to being at Compass."
- Terrence Griffin, 619.952.0152
- "Turns out, the grass isn't greener and I need to utilize tech to help me grow. Compass is just easy to use."
- Maeghan Knowles, 510.458.6096

3Q 2023 Highlights

FINANCIAL⁽¹⁾

\$1,337M | -10%

3Q 2023 Revenue & Y-o-Y Change

18.0% | Declined 50 BPS⁽³⁾

3Q 2023 Revenue less Non-GAAP Commissions & Other Related Expense Excluding Impact of the Agent Equity Program as a % of Revenue & Y-o-Y Change

\$22M | Improved by \$64M

3Q 2023 Adjusted EBITDA & Y-o-Y Change

\$12M | Improved by \$81M

3Q 2023 Free Cash Flow & Y-o-Y Change

OPERATIONAL

14,055 | +4%

3Q 2023 Average Number of Principal Agents & Y-o-Y Change⁽²⁾

29,260 | +1%

3Q 2023 Average Number of Agents & Y-o-Y Change⁽²⁾

48,134 | -12%

3Q 2023 Total Transactions & Y-o-Y Change

\$50.9B | -11%

3Q 2023 Gross Transaction Value & Y-o-Y Change

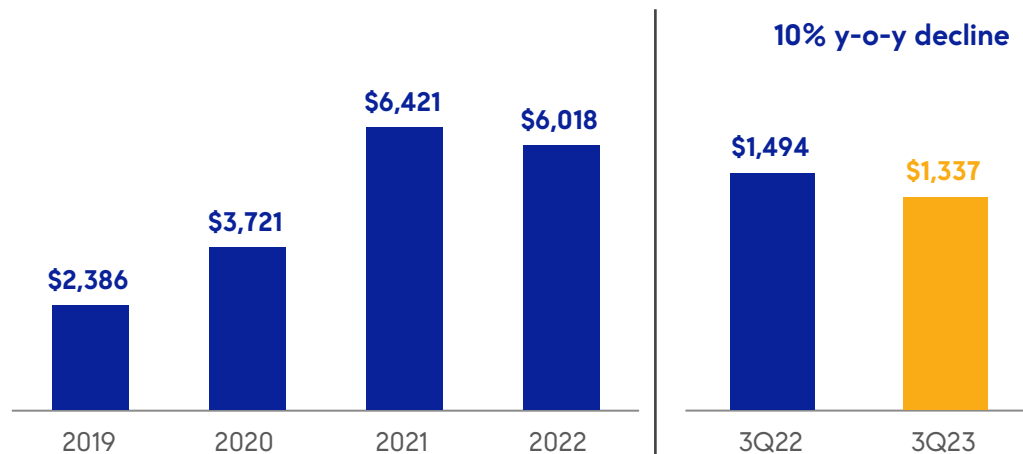
(1) See Financial Tables section for a reconciliation of GAAP to Non-GAAP measures.

(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.

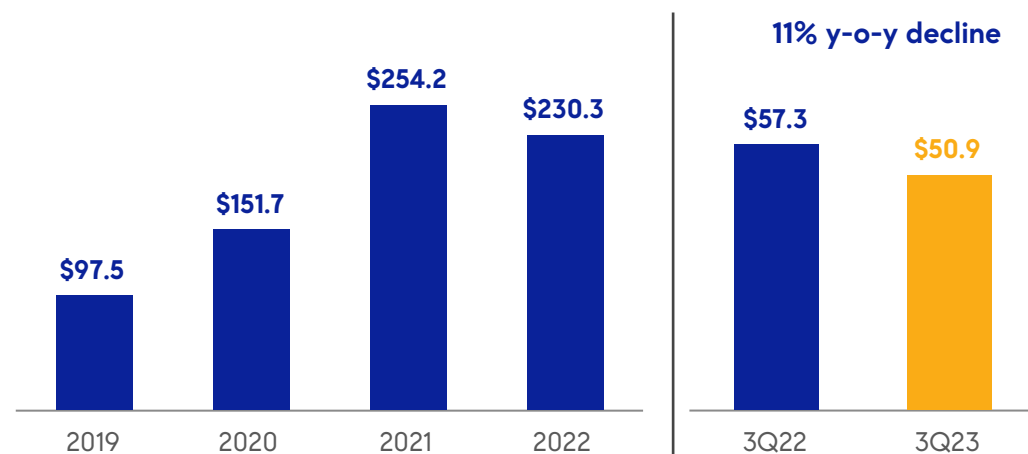
(3) Revenue less Non-GAAP Commissions & Other Related Expense as a percentage of revenue decreased by -127 basis points when including the impact of Agent Equity Program contributions in 3Q 2022.

Compass Saw Macro Headwinds in 3Q 2023

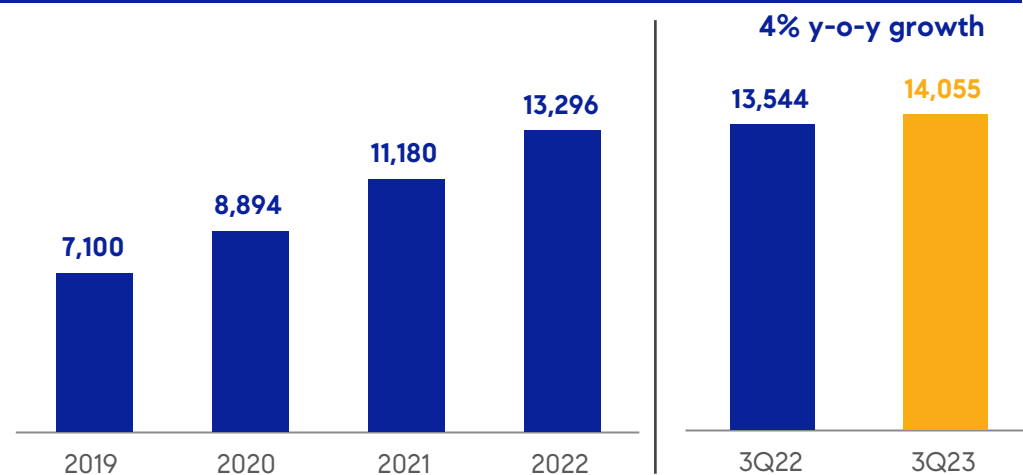
Total Revenue (\$M)



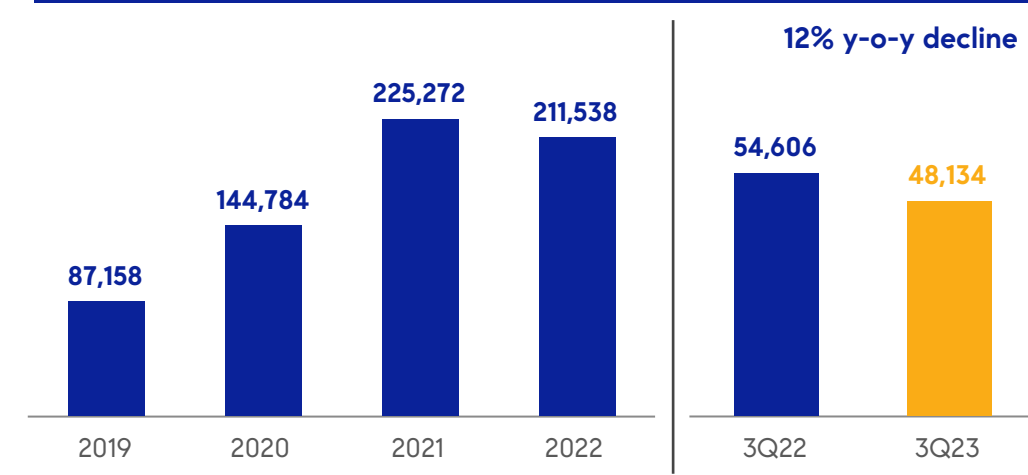
Gross Transaction Value (\$B)



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.

4Q 2023

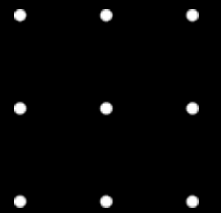
Revenue	\$1.1 - \$1.2 billion
Adjusted EBITDA	\$(35) - \$(20) million
Weighted-Average Share Count⁽¹⁾	483 – 487 million

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

FY 2023

Non-GAAP Operating Expenses	\$850 - \$950 million
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Financial Tables



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

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 220.0	\$ 361.9
Accounts receivable, net of allowance	41.0	36.6
Compass Concierge receivables, net of allowance	34.3	42.9
Other current assets	62.5	76.5
Total current assets	357.8	517.9
Property and equipment, net	161.7	192.5
Operating lease right-of-use assets	421.4	483.2
Intangible assets, net	86.1	99.3
Goodwill	208.8	198.4
Other non-current assets	27.8	41.8
Total assets	\$ 1,263.6	\$ 1,533.1
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 22.6	\$ 28.1
Commissions payable	77.1	48.0
Accrued expenses and other current liabilities	105.8	164.9
Current lease liabilities	104.2	94.6
Concierge credit facility	27.9	31.9
Revolving credit facility	—	150.0
Total current liabilities	337.6	517.5
Non-current lease liabilities	426.1	486.5
Other non-current liabilities	22.5	8.4
Total liabilities	786.2	1,012.4
Stockholders' equity		
Common stock	—	—
Additional paid-in capital	2,908.1	2,713.6
Accumulated deficit	(2,434.1)	(2,196.5)
Total Compass, Inc. stockholders' equity	474.0	517.1
Non-controlling interest	3.4	3.6
Total stockholders' equity	477.4	520.7
Total liabilities and stockholders' equity	\$ 1,263.6	\$ 1,533.1

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 1,337.4	\$ 1,493.7	\$ 3,788.6	\$ 4,910.8
Operating expenses:				
Commissions and other related expense ⁽¹⁾	1,096.2	1,218.0	3,111.1	4,017.3
Sales and marketing ⁽¹⁾	103.9	144.4	332.5	444.3
Operations and support ⁽¹⁾	83.2	95.1	247.3	308.9
Research and development ⁽¹⁾	45.8	81.5	140.1	296.9
General and administrative ⁽¹⁾	24.2	56.5	93.3	167.0
Restructuring costs	1.7	29.0	27.7	47.9
Depreciation and amortization	21.3	21.0	68.5	65.1
Total operating expenses	1,376.3	1,645.5	4,020.5	5,347.4
Loss from operations	(38.9)	(151.8)	(231.9)	(436.6)
Investment income, net	1.5	1.1	6.9	1.5
Interest expense	(1.9)	(0.9)	(9.2)	(2.3)
Loss before income taxes and equity in loss of unconsolidated entity	(39.3)	(151.6)	(234.2)	(437.4)
Income tax benefit	0.5	—	0.5	1.4
Equity in loss of unconsolidated entity	(0.4)	(2.5)	(2.6)	(7.5)
Net loss	(39.2)	(154.1)	(236.3)	(443.5)
Net (income) loss attributable to non-controlling interests	(0.2)	(0.1)	(1.3)	0.1
Net loss attributable to Compass, Inc.	\$ (39.4)	\$ (154.2)	\$ (237.6)	\$ (443.4)
Net loss per share attributable to Compass, Inc., basic and diluted	\$ (0.08)	\$ (0.36)	\$ (0.52)	\$ (1.04)
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	470,945,736	432,459,739	460,730,792	425,338,530

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Commissions and other related expense	\$ —	\$ 12.7	\$ 11.6	\$ 36.1
Sales and marketing	8.8	10.8	26.4	32.7
Operations and support	4.5	3.9	11.6	12.3
Research and development	11.4	9.4	34.4	45.2
General and administrative	13.3	13.3	37.9	46.8
Total stock-based compensation expense	\$ 38.0	\$ 50.1	\$ 121.9	\$ 173.1

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

	Nine Months Ended September 30,	
	2023	2022
Operating Activities		
Net loss	\$ (236.3)	\$ (443.5)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	68.5	65.1
Stock-based compensation	121.9	173.1
Equity in loss of unconsolidated entity	2.6	7.5
Change in acquisition related contingent consideration	1.1	(1.9)
Bad debt expense	4.6	5.2
Amortization of debt issuance costs	0.6	0.7
Changes in operating assets and liabilities:		
Accounts receivable	(8.3)	11.1
Compass Concierge receivables	7.9	(29.1)
Other current assets	13.6	1.8
Other non-current assets	11.5	1.9
Operating lease right-of-use assets and operating lease liabilities	7.6	5.8
Accounts payable	(5.8)	5.9
Commissions payable	29.0	2.2
Accrued expenses and other liabilities	(5.7)	20.3
Net cash provided by (used in) operating activities	<u>12.8</u>	<u>(173.9)</u>
Investing Activities		
Investment in unconsolidated entity	—	(15.0)
Capital expenditures	(8.9)	(56.9)
Cash acquired, net of payments for acquisitions	0.7	(15.0)
Net cash used in investing activities	<u>(8.2)</u>	<u>(86.9)</u>
Financing Activities		
Proceeds from exercise of stock options	4.2	8.6
Proceeds from issuance of common stock under Employee Stock Purchase Plan	2.5	2.3
Taxes paid related to net share settlement of equity awards	(17.9)	(19.5)
Proceeds from drawdowns on Concierge credit facility	44.7	47.0
Repayments of drawdowns on Concierge credit facility	(48.7)	(26.7)
Proceeds from drawdowns on Revolving credit facility	75.0	—
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	(12.1)	(13.9)
Other	(1.5)	(0.4)
Net cash used in financing activities	<u>(146.5)</u>	<u>(2.6)</u>
Net decrease in cash and cash equivalents	<u>(141.9)</u>	<u>(263.4)</u>
Cash and cash equivalents at beginning of period	361.9	618.3
Cash and cash equivalents at end of period	<u>\$ 220.0</u>	<u>\$ 354.9</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss attributable to Compass, Inc.	\$ (39.4)	\$ (154.2)	\$ (237.6)	\$ (443.4)
Adjusted to exclude the following:				
Depreciation and amortization	21.3	21.0	68.5	65.1
Investment income, net	(1.5)	(1.1)	(6.9)	(1.5)
Interest expense	1.9	0.9	9.2	2.3
Stock-based compensation	38.0	50.1	121.9	173.1
Income tax benefit	(0.5)	—	(0.5)	(1.4)
Restructuring costs	1.7	29.0	27.7	47.9
Acquisition-related expenses ⁽¹⁾	0.3	1.6	2.5	12.7
Litigation charge ⁽²⁾	—	10.5	—	10.5
Adjusted EBITDA	\$ 21.8	\$ (42.2)	\$ (15.2)	\$ (134.7)

⁽¹⁾ For the three months ended September 30, 2023 and 2022, acquisition-related expenses includes a \$0.2 million loss and a \$1.6 million gain, respectively, as a result of changes in the fair value of contingent consideration and an expense of \$0.1 million and \$3.2 million, respectively, related to acquisition consideration treated as compensation expense over the underlying retention periods. For the nine months ended September 30, 2023 and 2022, acquisition-related expenses includes a \$0.4 million loss and a \$1.9 million gain, respectively, as a result of changes in the fair value of contingent consideration and expense of \$2.1 million and \$14.6 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 three and nine months ended September 30, 2022 in connection with the Realogy Holdings Corp. matter.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net cash provided by (used in) operating activities	\$ 15.0	\$ (53.6)	\$ 12.8	\$ (173.9)
Less:				
Capital expenditures	(2.8)	(15.5)	(8.9)	(56.9)
Free cash flow	<u>\$ 12.2</u>	<u>\$ (69.1)</u>	<u>\$ 3.9</u>	<u>\$ (230.8)</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP Commissions and other related expense	\$ 1,096.2	\$ 1,218.0	\$ 3,111.1	\$ 4,017.3
Adjusted to exclude the following:				
Stock-based compensation	—	(12.7)	(11.6)	(36.1)
Non-GAAP Commissions and other related expense	\$ 1,096.2	\$ 1,205.3	\$ 3,099.5	\$ 3,981.2
GAAP Sales and marketing	\$ 103.9	\$ 144.4	\$ 332.5	\$ 444.3
Adjusted to exclude the following:				
Stock-based compensation	(8.8)	(10.8)	(26.4)	(32.7)
Non-GAAP Sales and marketing	\$ 95.1	\$ 133.6	\$ 306.1	\$ 411.6
GAAP Operations and support	\$ 83.2	\$ 95.1	\$ 247.3	\$ 308.9
Adjusted to exclude the following:				
Stock-based compensation	(4.5)	(3.9)	(11.6)	(12.3)
Acquisition-related expenses	(0.3)	(1.6)	(2.5)	(12.7)
Non-GAAP Operations and support	\$ 78.4	\$ 89.6	\$ 233.2	\$ 283.9
GAAP Research and development	\$ 45.8	\$ 81.5	\$ 140.1	\$ 296.9
Adjusted to exclude the following:				
Stock-based compensation	(11.4)	(9.4)	(34.4)	(45.2)
Non-GAAP Research and development	\$ 34.4	\$ 72.1	\$ 105.7	\$ 251.7
GAAP General and administrative	\$ 24.2	\$ 56.5	\$ 93.3	\$ 167.0
Adjusted to exclude the following:				
Stock-based compensation	(13.3)	(13.3)	(37.9)	(46.8)
Litigation Charge	—	(10.5)	—	(10.5)
Non-GAAP General and administrative	\$ 10.9	\$ 32.7	\$ 55.4	\$ 109.7

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
Sales and marketing	\$ 134.3	\$ 143.7	\$ 133.6	\$ 121.5	\$ 106.7	\$ 104.3	\$ 95.1
Operations and support	96.5	97.8	89.6	81.7	75.0	79.8	78.4
Research and development	91.3	88.3	72.1	51.1	38.5	32.8	34.4
General and administrative	40.4	36.6	32.7	27.5	23.1	21.4	10.9
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>

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
Revenue	\$ 1,397.0	\$ 2,020.1	\$ 1,493.7	\$ 1,107.2	\$ 957.2	\$ 1,494.0	\$ 1,337.4
GAAP Commissions & other related expense	\$ 1,146.4	\$ 1,652.9	\$ 1,218.0	\$ 918.8	\$ 790.9	\$ 1,224.0	\$ 1,096.2
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
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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total Transactions ⁽¹⁾	48,134	54,606	138,227	168,819
Gross Transaction Value (in billions)	\$ 50.9	\$ 57.3	\$ 144.3	\$ 187.8
Average Number of Principal Agents ⁽²⁾	14,055	13,544	13,734	13,181
Net loss attributable to Compass, Inc. (in millions)	\$ (39.4)	\$ (154.2)	\$ (237.6)	\$ (443.4)
Net loss attributable to Compass, Inc. margin	(2.9%)	(10.3%)	(6.3%)	(9.0%)
Adjusted EBITDA (in millions)	\$ 21.8	\$ (42.2)	\$ (15.2)	\$ (134.7)
Adjusted EBITDA margin	1.6%	(2.8%)	(0.4%)	(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

