

COMPASS

1Q 2024

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

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

Non-GAAP Financial Measures

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

1Q 2024 Highlights

FINANCIAL⁽¹⁾

\$1,054M | +10%

1Q 2024 Revenue & Y-o-Y Change

18.2% | Declined 39 BPS

1Q 2024 Revenue less Non-GAAP Commissions &
Other Related Expense as a % of Revenue & Y-o-Y
Change

-\$20M | Improved by \$47M

1Q 2024 Adjusted EBITDA & Y-o-Y Change

\$6M | Improved by \$65M

1Q 2024 Free Cash Flow & Y-o-Y Change

OPERATIONAL

14,591 | +7%

1Q 2024 Number of Principal Agents & Y-o-Y Change⁽²⁾

29,297 | +2%

1Q 2024 Number of Agents & Y-o-Y Change⁽²⁾

38,449 | +7%

1Q 2024 Total Transactions & Y-o-Y Change

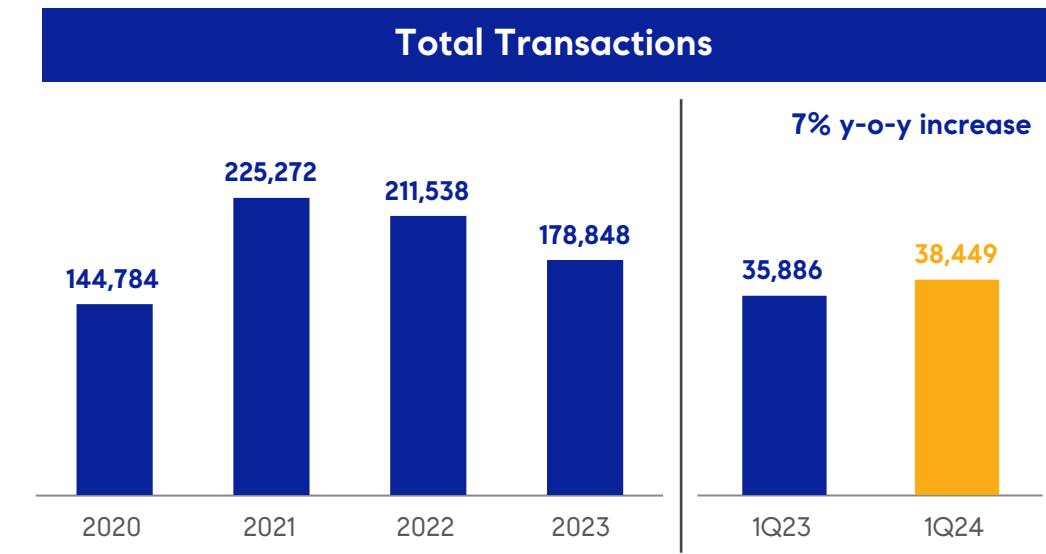
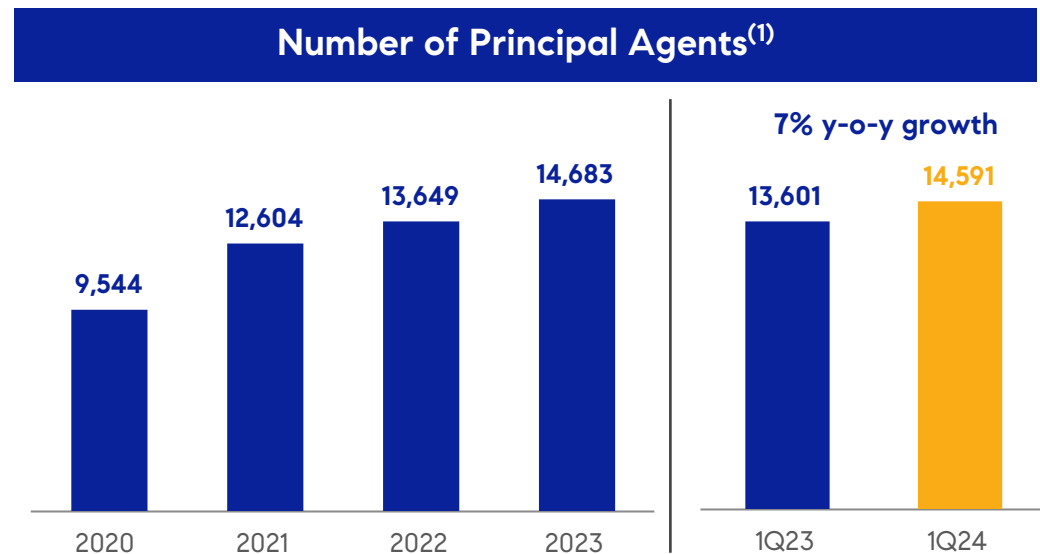
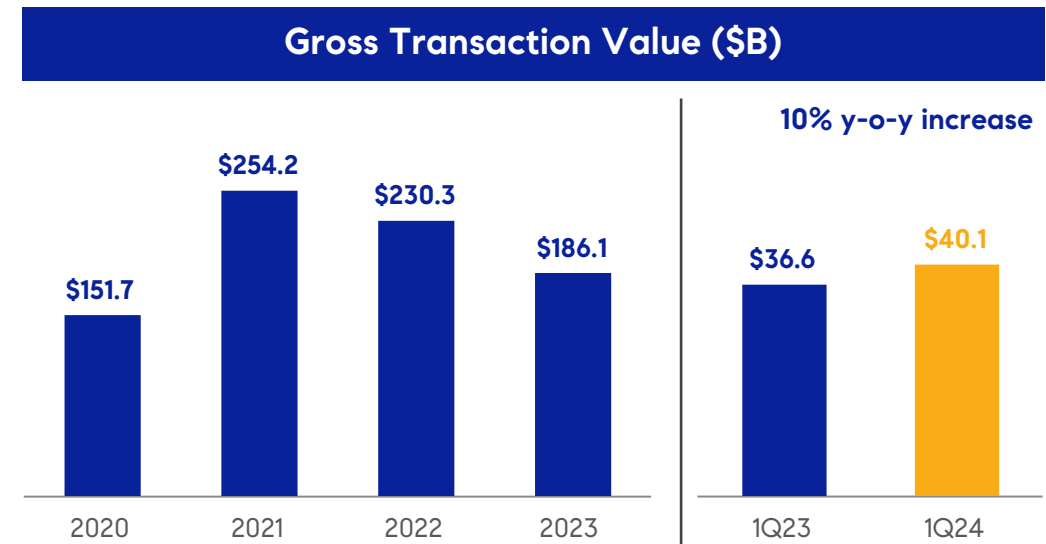
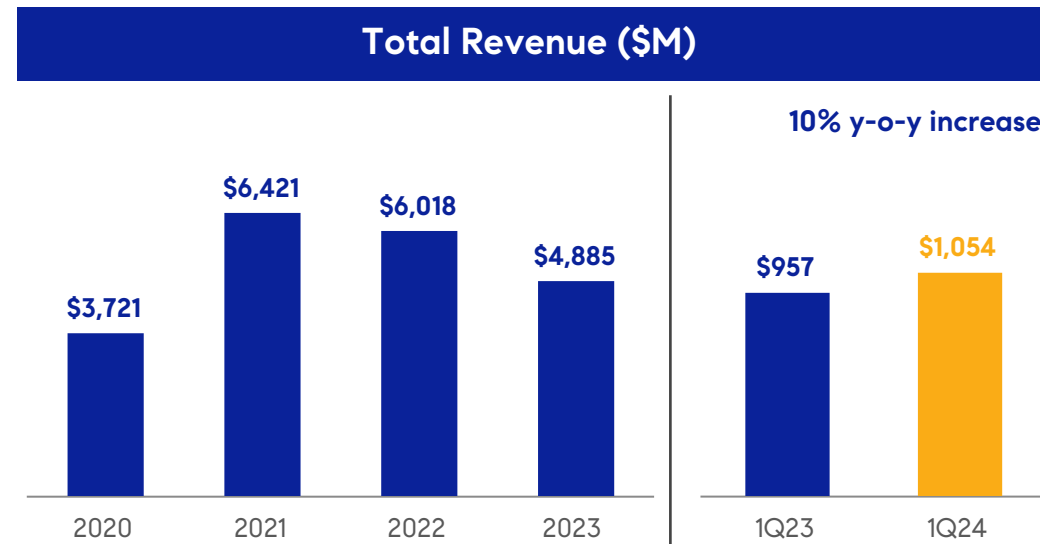
\$40.1B | +10%

1Q 2024 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 2024, the Company began to report its agent statistics as of the quarter end. The Company's Number of Principal Agents, Number of Agents and the related year-over-year growth reported in this presentation are based on the quarter end count for the first quarter of 2023 and 2024.

Compass Increases Revenue, Agent Count, Total Transactions & GTV in 1Q 2024



(1) During the first quarter of 2024, the Company began to report its agent statistics as of period end. The Company's Number of Principal Agents and the related year-over-year growth reported in this presentation is based on the quarter end count for the first quarter of 2023 and 2024 and the year end count for 2020, 2021, 2022 and 2023.

2Q 2024

Revenue	\$1.6 - \$1.7 billion
Adjusted EBITDA	\$55 - \$75 million
Weighted-Average Share Count⁽¹⁾	496 - 499 million

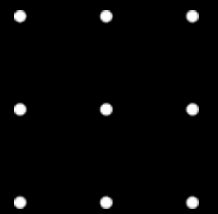
⁽¹⁾ Weighted-average share count forecast excludes any potential share issuances for future mergers and acquisitions.

FY 2024

Non-GAAP Operating Expenses⁽²⁾	\$867 - \$887 million
Free Cash Flow Positive	

⁽²⁾ Non-GAAP Operating Expenses of \$867 million to \$887 million reflects an increase in both the low and high ends of the range of \$12 million as a result of the Latter & Blum acquisition closed in April 2024. The midpoint of this range equates to \$850 million for the Company's "core" OPEX plus \$15 million for 2023 accretive M&A plus \$12 million for 2024 accretive M&A.

Financial Tables



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

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 165.9	\$ 166.9
Accounts receivable, net of allowance	48.7	36.6
Compass Concierge receivables, net of allowance	29.9	24.0
Other current assets	48.3	54.5
Total current assets	292.8	282.0
Property and equipment, net	143.1	151.7
Operating lease right-of-use assets	396.9	408.5
Intangible assets, net	71.5	77.6
Goodwill	212.4	209.8
Other non-current assets	28.2	30.7
Total assets	<u>\$ 1,144.9</u>	<u>\$ 1,160.3</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 17.0	\$ 18.4
Commissions payable	74.0	59.6
Accrued expenses and other current liabilities	148.1	90.8
Current lease liabilities	99.6	98.9
Concierge credit facility	23.5	24.8
Total current liabilities	362.2	292.5
Non-current lease liabilities	394.2	410.2
Other non-current liabilities	55.0	25.6
Total liabilities	811.4	728.3
Stockholders' equity		
Common stock	—	—
Additional paid-in capital	2,981.0	2,946.5
Accumulated deficit	(2,650.7)	(2,517.8)
Total Compass, Inc. stockholders' equity	330.3	428.7
Non-controlling interest	3.2	3.3
Total stockholders' equity	333.5	432.0
Total liabilities and stockholders' equity	<u>\$ 1,144.9</u>	<u>\$ 1,160.3</u>

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

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 1,054.1	\$ 957.2
Operating expenses:		
Commissions and other related expense ⁽¹⁾	862.3	790.9
Sales and marketing ⁽¹⁾	93.4	115.3
Operations and support ⁽¹⁾	79.0	81.1
Research and development ⁽¹⁾	47.0	48.9
General and administrative ⁽¹⁾	82.2	34.4
Restructuring costs	1.5	10.1
Depreciation and amortization	20.8	24.9
Total operating expenses	1,186.2	1,105.6
Loss from operations	(132.1)	(148.4)
Investment income, net	1.1	2.9
Interest expense	(1.5)	(3.2)
Loss before income taxes and equity in loss of unconsolidated entity	(132.5)	(148.7)
Income tax benefit	0.3	—
Equity in loss of unconsolidated entity	(0.8)	(1.5)
Net loss	(133.0)	(150.2)
Net loss (income) attributable to non-controlling interests	0.1	(0.2)
Net loss attributable to Compass, Inc.	\$ (132.9)	\$ (150.4)
Net loss per share attributable to Compass, Inc., basic and diluted	\$ (0.27)	\$ (0.33)
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	490,000,265	450,056,743

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

	Three Months Ended March 31,	
	2024	2023
Commissions and other related expense	\$ —	\$ 11.6
Sales and marketing	7.9	8.6
Operations and support	3.7	3.0
Research and development	14.9	10.4
General and administrative	6.4	11.3
Total stock-based compensation expense	\$ 32.9	\$ 44.9

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

	Three Months Ended March 31,	
	2024	2023
Operating Activities		
Net loss	\$ (133.0)	\$ (150.2)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	20.8	24.9
Stock-based compensation	32.9	44.9
Equity in loss of unconsolidated entity	0.8	1.5
Change in acquisition related contingent consideration	0.5	—
Bad debt expense	0.7	1.0
Amortization of debt issuance costs	0.2	0.2
Changes in operating assets and liabilities:		
Accounts receivable	(12.6)	(20.9)
Compass Concierge receivables	(6.0)	1.8
Other current assets	6.0	3.7
Other non-current assets	3.0	5.7
Operating lease right-of-use assets and operating lease liabilities	(3.7)	0.2
Accounts payable	(1.6)	(6.3)
Commissions payable	14.4	8.9
Accrued expenses and other liabilities	86.2	29.1
Net cash provided by (used in) operating activities	8.6	(55.5)
Investing Activities		
Investment in unconsolidated entity	(1.2)	—
Capital expenditures	(2.7)	(3.5)
Cash acquired, net of payments for acquisitions	0.4	—
Net cash used in investing activities	(3.5)	(3.5)
Financing Activities		
Proceeds from exercise of stock options	3.4	1.0
Proceeds from issuance of common stock under Employee Stock Purchase Plan	1.1	1.4
Taxes paid related to net share settlement of equity awards	(7.4)	(6.0)
Proceeds from drawdowns on Concierge credit facility	8.7	10.6
Repayments of drawdowns on Concierge credit facility	(10.0)	(13.2)
Proceeds from drawdowns on Revolving credit facility	—	75.0
Payments related to acquisitions, including contingent consideration	(1.9)	(7.9)
Other	—	(0.2)
Net cash (used in) provided by financing activities	(6.1)	60.7
Net (decrease) increase in cash and cash equivalents	(1.0)	1.7
Cash and cash equivalents at beginning of period	166.9	361.9
Cash and cash equivalents at end of period	\$ 165.9	\$ 363.6

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

	Three Months Ended March 31,	
	2024	2023
Net loss attributable to Compass, Inc.	\$ (132.9)	\$ (150.4)
Adjusted to exclude the following:		
Depreciation and amortization	20.8	24.9
Investment income, net	(1.1)	(2.9)
Interest expense	1.5	3.2
Stock-based compensation	32.9	44.9
Income tax benefit	(0.3)	—
Restructuring costs	1.5	10.1
Acquisition-related expenses ⁽¹⁾	—	3.1
Litigation charge ⁽²⁾	57.5	—
Adjusted EBITDA	<u>\$ (20.1)</u>	<u>\$ (67.1)</u>

⁽¹⁾ For the three months ended March 31, 2023, acquisition-related expenses include \$3.1 million in expenses related to acquisition consideration treated as compensation expense over the underlying retention periods.

⁽²⁾ Represents a charge of \$57.5 million incurred during the three months ended March 31, 2024 in connection with the proposed settlement of antitrust class action lawsuits. 50% of the proposed settlement is expected to be paid within 30 days of the court's preliminary approval, which the Company expects to be in the second quarter of 2024, and the remaining 50% within one year of the court's preliminary approval.

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

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 8.6	\$ (55.5)
Less:		
Capital expenditures	(2.7)	(3.5)
Free cash flow	<u>\$ 5.9</u>	<u>\$ (59.0)</u>

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

	Three Months Ended March 31,	
	2024	2023
GAAP Commissions and other related expense	\$ 862.3	\$ 790.9
Adjusted to exclude the following:		
Stock-based compensation	—	(11.6)
Non-GAAP Commissions and other related expense	<u>\$ 862.3</u>	<u>\$ 779.3</u>
GAAP Sales and marketing	\$ 93.4	\$ 115.3
Adjusted to exclude the following:		
Stock-based compensation	(7.9)	(8.6)
Non-GAAP Sales and marketing	<u>\$ 85.5</u>	<u>\$ 106.7</u>
GAAP Operations and support	\$ 79.0	\$ 81.1
Adjusted to exclude the following:		
Stock-based compensation	(3.7)	(3.0)
Acquisition-related expenses	—	(3.1)
Non-GAAP Operations and support	<u>\$ 75.3</u>	<u>\$ 75.0</u>
GAAP Research and development	\$ 47.0	\$ 48.9
Adjusted to exclude the following:		
Stock-based compensation	(14.9)	(10.4)
Non-GAAP Research and development	<u>\$ 32.1</u>	<u>\$ 38.5</u>
GAAP General and administrative	\$ 82.2	\$ 34.4
Adjusted to exclude the following:		
Stock-based compensation	(6.4)	(11.3)
Litigation charge	(57.5)	—
Non-GAAP General and administrative	<u>\$ 18.3</u>	<u>\$ 23.1</u>

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

	Three Months Ended				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Sales and marketing	\$ 106.7	\$ 104.3	\$ 95.1	\$ 94.3	\$ 85.5
Operations and support	75.0	79.8	78.4	75.7	75.3
Research and development	38.5	32.8	34.4	33.1	32.1
General and administrative	23.1	21.4	10.9	20.5	18.3
Total non-GAAP operating expenses excluding commissions and other related expense	<u>\$ 243.3</u>	<u>\$ 238.3</u>	<u>\$ 218.8</u>	<u>\$ 223.6</u>	<u>\$ 211.2</u>

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

	Three Months Ended March 31,	
	2024	2023
Total Transactions ⁽¹⁾	38,449	35,886
Gross Transaction Value (in billions)	\$ 40.1	\$ 36.6
Number of Principal Agents ⁽²⁾	14,591	13,601
Net loss attributable to Compass, Inc. (in millions)	\$ (132.9)	\$ (150.4)
Net loss attributable to Compass, Inc. margin	(12.6%)	(15.7%)
Adjusted EBITDA (in millions)	\$ (20.1)	\$ (67.1)
Adjusted EBITDA margin	(1.9%)	(7.0%)

(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 2024, the Company began to report its agent statistics as of quarter end. The Company's Number of Principal Agents reported here is based on the quarter end count.

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