

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-40291

COMPASS, INC.

(Exact name of registrant as specified in its charter)

Delaware

30-0751604

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

110 Fifth Avenue, 4th Floor
New York, New York

10011

(Address of Principal Executive Offices)

(Zip Code)

(212) 913-9058

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, \$0.00001 par value per share	COMP	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. x

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. o

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). o Yes x No

As of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by its non-affiliates, computed by reference to the price at which the common stock was last sold, was \$ 1,110,343,315 .

The registrant had 491,284,424 shares of common stock outstanding as of February 23, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

The portions of the registrant's proxy statement to be filed in connection with the registrant's 2024 Annual Meeting of Stockholders that are responsive to the disclosure required by Part III of Form 10-K are incorporated by reference into Part III of this Form 10-K.

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Compass, Inc.
Annual Report on Form 10-K
For the Year Ended December 31, 2023

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As used in this Annual Report, the terms "Compass," "Company," "we," "us," and "our" refer to Compass, Inc. and its subsidiaries taken as a whole, unless otherwise noted or unless the context indicates otherwise.

Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the federal Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained in this Annual Report, other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. Words such as "believes," "may," "will," "estimates," "potential," "continues," "expects," "could," "would," "plans," "targets," and variations of such words and similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections as of the date of this filing about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements speak only as of the date of this Annual Report and are subject to a number of known and unknown risks, uncertainties and assumptions, including, but not limited to, the important factors discussed in Part I, Item 1A. "Risk Factors" in this Annual Report, which are summarized below. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and circumstances discussed in this Annual Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should completely read this Annual Report and the documents that we reference herein and have filed with the SEC as exhibits to this Annual Report with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements in this Annual Report are made as of the date of this filing, and we do not undertake, and expressly disclaim any duty, to update such statements for any reason after the date of this Annual Report or to conform statements to actual results or revised expectations, except as required by law.

Summary Risk Factors

Our business is subject to a number of risks and uncertainties that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition, and results of operations, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report. The principal risks and uncertainties affecting our business include, among others, the following:

- 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 the Antitrust 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, or AI;
- Our ability to expand our operations and to offer additional integrated services;
- Our ability to realize the expected benefits from joint ventures;

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- 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;
- Use of cash to satisfy tax withholding obligations that arise in connection with settlements of RSU awards;
- Fluctuations in our quarterly results and other operating metrics;
- The loss of one or more of our 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 ability 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;
- Compliance with applicable laws and regulations and changes to applicable laws and regulations;
- 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 factors set forth under "Risk Factors" in this Annual Report.

Note Regarding Industry and Market Data

This Annual Report contains information based on industry publications or reports generated by third-party providers, or other publicly available information, as well as other information based on our internal sources. As noted in this Annual Report, the National Association of Realtors, or NAR, and various Multiple Listing Service, or MLS, systems are the primary source for third-party industry data and those systems generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the data from third-party sources nor have we validated the underlying economic assumptions relied on therein.

PART I

Item 1. Business.

Our Company

Compass, Inc. (the “Company”) was incorporated in Delaware on October 4, 2012 under the name Urban Compass, Inc. On January 8, 2021, the board of directors of the Company approved a change to the Company’s name from Urban Compass, Inc. to Compass, Inc. The Company has been based in New York City since its incorporation.

Our Business and Business Model

We provide an end-to-end platform that empowers our residential real estate agents to deliver exceptional service to seller and buyer clients. Our platform includes an integrated suite of cloud-based software for customer relationship management, marketing, client service, brokerage services and other critical functionalities, all custom-built for the real estate industry. Our platform also uses proprietary data, analytics, AI, and machine learning to simplify workflows of agents and deliver high-value recommendations and outcomes for both agents and their clients. Additionally, we provide integrated services, such as title and escrow and mortgage, both of which are available on our platform. Compass agents utilize the platform to grow their businesses, save time and manage their businesses more effectively.

Our business model is directly aligned with the success of our agents. We attract agents to our brokerage and partner with them as independent contractors that affiliate their real estate licenses with us, operating their businesses on our platform and under our brand. We currently generate substantially all of our revenue from commissions paid to us by our agents’ clients at the time that a home is transacted on our platform. While integrated services comprise a small portion of our revenue to date, we believe we are well-positioned to capture meaningful revenue from integrated services as we continue to diversify our offerings within the real estate ecosystem.

Our platform provides a strong foundation for agents to create and foster client relationships. Our powerful customer relationship management, or CRM, tool enables agents to develop automated yet customizable “drip campaigns” to stay in touch with their contacts at key moments over time. Through our Marketing Center, agents can market their own personal brands by creating marketing collateral – digital ads, videos, listing presentations, email newsletters, print advertising and signage – as well as execute marketing campaigns, with mere minutes of effort.

Our platform also enables agents to sell more homes in less time for a better price. We believe we provide agents with the solutions and data they need to effectively list and market properties and run the sale process more efficiently utilizing our tools. For example, Compass Concierge, which provides home sellers access to capital to front the cost of home improvement services, is designed to increase the sale value of the home and decrease the time on market. Marketing Center provides agents a powerful suite of tools they can use to easily create tailored marketing materials and execute marketing campaigns for any listing, seamlessly connecting to a multimedia repository containing a listing description, photos and floor plan, across digital, social, email, video and print channels, helping them attract buyers. Our AI-powered comparative market analysis, or CMA tool enables agents to optimize pricing strategies for clients, leveraging data on past sales and current listings to suggest representative comparable properties. Agents can also use our platform to conduct virtual tours and livestream open houses through our Open House app to ensure listings receive ample attention.

When advising a seller, our services to the agent extend beyond the sale of the home. In preparing for and closing the transaction, our agents can, with one click, use our platform to recommend integrated services to clients such as title and escrow and mortgage in certain markets and referrals to service providers post-closing.

Our platform also enables agents to locate desirable properties at attractive prices for buyers. Our agents provide clients with access to comprehensive inventory, including private listings, help them understand local market dynamics, tour properties, prepare and close offers, and better manage the overall home buying process. With Compass Collections, a curated visual workspace, Compass agents and their clients can easily find and organize homes of interest and then tag and discuss specific properties through an integrated chat feature. With near real-time search alerts and notifications, clients can monitor new listings. Once properties of interest are identified, our solutions enable agents to conduct virtual and in-person tours for clients. Using our CMA, agents can better understand the pricing dynamics of specific markets, neighborhoods and home features, ultimately providing informed advice regarding potential offers.

Selling and buying a home is one of the most significant, and often one of the most complex, time consuming, and consequential financial events in an individual’s life. Given the unique nature of each property, location, buyer, seller,

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negotiation, title and financing, a real estate agent's role as the driver of the majority of the workflow is indispensable. According to NAR's 2023 Profile of Home Buyers and Sellers, 89% of home sellers and 89% of home buyers used a real estate agent or broker - levels that have remained consistent since our inception, with 2012 levels at 88% and 89%, respectively.

Our Platform

We have built an integrated software platform that helps agents operate with the sophisticated capabilities of a modern technology company and the personal attention and service of a dedicated advisor. Using proprietary data, analytics, AI and machine learning, our platform delivers a broad set of industry-specific capabilities for Compass agents and their clients. Additionally, certain of our Glide tools, which include completion of various real estate forms and offer preparation as well as eSignature and collaboration capabilities, are offered to non-Compass agents and their clients.

We are simplifying today's complex, paper-driven, antiquated workflow to empower real estate agents to deliver an exceptional experience to every buyer and seller. Our platform is tailored to the real estate industry and combines integrated software with, in certain markets, value-added services, such as title and escrow and mortgage.

We designed our platform for simplicity and flexibility. Given a significant amount of an agent's time is spent away from their desk, our powerful iOS and Android mobile apps allow agents to take advantage of our platform, no matter their location. The efficiencies that agents gain from adoption of our technology give them the opportunity to spend more time with clients.

We continue to innovate and enhance our platform with the goal of digitizing and automating all real estate workflows that empower agents to acquire and serve their clients. In 2023, we enhanced our platform by adding 103 features, including Performance Tracker, Compass AI and '1-Click Title & Escrow'.

We have made significant investments in research and development to improve and maintain our platform and to support our technology infrastructure. As we look forward, we will continue to scale our technological innovation through the lens of cash flow positivity. See section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Comparison of the Years Ended December 31, 2023 and 2022 – Operating Expenses – Research and Development" for more information.

Our Platform Capabilities

Our platform aims to digitize, integrate and simplify all real estate workflows for Compass agents and their clients. It is built on the premise that integration and ease of use are foundational to enabling Compass agents to more effectively run their businesses and serve their clients. Our platform is a proprietary cloud-native software service with mobile apps that allow agents to manage their business anytime and anywhere. We build beautifully designed consumer-grade user interfaces, automated and simplified workflows for agent-client interactions, and insight-rich dashboards and reports backed by AI, machine learning and integrated data assets.

We empower our agents with capabilities such as:

- **Customer Relationship Management.** Given the high percentage of repeat and referral business done by our agents, their future transaction pipeline exists within their sphere of influence. Our CRM provides agents with an easy-to-use interface that is both powerful and automated, enabling agents to cultivate their sphere, nurture and grow relationships and close more sales. It also leverages AI to provide recommendations and insights, and integrates with other parts of our platform such as Marketing Center to create engaging content.
- **Business Tracker.** Business Tracker provides agents with a centralized view of their entire business. It enables agents to organize and manage their active leads, buyers, renters and listings, as well as view potential revenue at each stage of the transaction. Given Business Tracker's deep integration with other Compass resources, such as Marketing Center, Collections, CMA, Tasks and Listing Insights, agents can serve the needs of every client - from first contact to closing - all from one place. Business Tracker includes multiple powerful capabilities that aim at boosting agent productivity. Two such examples are Team Collaboration, which allows agents to collaborate with any member of their team on any of their transactions, and Checklists, which enable agents to configure a set of tasks that get automatically applied to every transaction and can be assigned to specific members of their team.

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- **Marketing Content Creation and Management.** With a broad array of integrated features, elegant templates and design capabilities, our Marketing Center allows agents to rapidly create, advertise and promote their listings at scale through the channel of their choosing: digital, social, email, video, print or signage. Agents can easily build, book, target and run digital ads all in one place with a simple yet powerful suite of content creation solutions.
- **Home Valuation Analysis.** Pricing a home is a complex and nuanced exercise. Powered by AI, our CMA enhances our agents' market expertise by making recommendations and synthesizing complex data so Compass agents can help their clients build the optimal pricing strategy for their homes based on comparable properties.
- **AI-Driven Client Prospecting Recommendations.** Our AI technology recommends specific clients in an agent's contact database that are more likely to sell their home, based on various data points like neighborhood sales trends, length of ownership, and local market appreciation.
- **One-Click Listing Video Creation.** Video Generator allows agents to create short, customized, professional videos with added music and text using existing listing photos in seconds simply by entering an address that can be shared on the listing page or social media.
- **Digital Ad Campaigns.** Our agents can use our platform to create paid digital ad campaigns on platforms such as Facebook and Instagram, with videos and engaging ad copy, in a matter of minutes.
- **AI-Driven Content.** We have recently integrated the ChatGPT API into our platform. By drawing on our vast database of proprietary data, AI further enhances the agent experience and their ability to quickly perform tasks, such as creating listing brochures and descriptions, marketing materials, and even their agent profiles on our website.
- **Listing Search and Saved Search Notifications.** Our proprietary search algorithm and database simplifies and enhances the ability for Compass agents to find homes best suited for their clients' needs. Agents can set up very precise saved search alerts for their clients to notify them of new listings that match their criteria in near real-time in the mobile app and in email.
- **Agent-Client Collaborative Home Search.** Compass Collections is a curated visual workspace allowing Compass agents and clients to collaborate in real time, easily organize homes, centralize discussions, and monitor the market by receiving immediate status and price updates.
- **Listing Tour Scheduling and Coordination.** With a simple interface, our agents can quickly schedule, coordinate and create routes for home tours, saving agents significant time.
- **Virtual Tours.** The platform's easy-to-use virtual tour feature combines home photo and video assets alongside a large multimedia repository to help agents conduct tours online.
- **AI-Driven Renovation Visualization.** Agents often help advise sellers on renovations and other preparations for their home to ensure the best market price. Compass Lens helps agents and homeowners visualize improvements to the home to determine what upgrades to make, ultimately to inform how these renovations could affect the selling price based on similar past transactions. Compass Lens is integrated into our listing comparison and preparation products and services, including Compass Concierge and CMA.
- **Open House Management.** The Compass platform provides several resources and mobile app functionality to manage open houses and tours across both in-person and virtual formats, giving agents the ability to maintain a high level of service and follow up, in addition to growing their sphere of influence.
- **Listing Analytics.** Compass Insights personalized dashboard contains all the key data points an agent needs to craft a winning marketing strategy around audience and traffic information, uncover new lead-generation opportunities, and invest accordingly in the positioning of a listing.
- **Transaction Management.** There are many burdensome steps involved in the closing of a transaction. We provide agents with transaction closing and post-closing support to reduce the complexity for clients and efficiently advise through a transaction's lifecycle.

As Compass agents and their clients use the Compass platform to consolidate their activities for buying, selling, marketing and transacting real estate, they demonstrate high engagement with our platform. As we continue to build everything agents need in a single, integrated platform, we believe more high-performing agents will continue to come to Compass. As more high-performing agents join us, we believe our platform will help them provide great experiences to more of their buyer and seller clients. The ability to create great client experiences drives continued business for agents with repeat and referral

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clients. This ultimately generates more revenue for the agent, and in turn, for Compass, which enables us to invest more into enhancing the platform. These investments further empower agents to grow their businesses efficiently and effectively.

Integrated Services

We complement our technology platform with integrated services that make our agents more successful and give them more tools to better serve their clients. These additional services support and service the needs of home buyers and sellers at various touch points of the residential real estate purchase process.

We entered into the integrated services market in 2018. Beginning in 2020, we expanded our title and escrow offerings to provide our agents' clients with a more integrated, service-oriented solution and, in 2021, we launched OriginPoint, our residential mortgage origination joint venture with Guaranteed Rate, to provide a service-oriented mortgage offering to our agents' clients. As of December 31, 2023, we provided title and escrow services in 7 states and Washington D.C. Additionally, OriginPoint is fully operational in 30 states and Washington D.C. and licensed in 6 other states. The synergies between these integrated services and our brokerage business increase transparency and deliver a more integrated closing process for agents and their clients.

Title and Escrow Services

Our title and escrow businesses provide full-service title and escrow/settlement services to real estate agents' clients, real estate companies, and financial institutions relating to the closing of home purchases as well as the refinancing of home loans. In many markets, clients typically look to their agents to refer them to the highest quality providers of these types of services after the purchase contract is signed. We provide title and escrow/closing services under a multitude of local brands. As of December 31, 2023, we operated five distinct, regional title agencies: KVS Title, LLC, LegacyTexas Title Co., First Alliance Title, LLC, CommonGround Abstract, LLC d/b/a SQS Square Settlements and Consumer's Title Company of California, Inc., as well as one standalone escrow business, Chartwell Escrow, Inc. These businesses have a combined presence across seven states (California, Colorado, Texas, Maryland, Virginia, New Jersey, and Pennsylvania) and Washington, D.C. In 2024, we plan to remain opportunistic about adding additional title and escrow agencies and expanding our title and escrow operations in, and beyond, our current geographies.

Mortgage Joint Venture

In July 2021, we and Guaranteed Rate, which is one of the nation's largest retail mortgage companies, by and through our respective subsidiaries, formed OriginPoint, a residential mortgage origination company, which commenced operations in Chicago, Illinois in December 2021. OriginPoint is structured as a non-exclusive joint venture, where we hold a 49.9% equity interest and certain governance rights related to the joint venture, including representation on the management committee. OriginPoint originates mortgages for Compass agents' clients, as well as the clients of any other brokerage, in connection with purchase transactions and with other customers not working with a brokerage in refinancing situations. OriginPoint has established and maintains its own warehouse lines of credit, and it funds its own mortgage loan transactions from these independent sources. The warehouse lines maintained by OriginPoint are collateralized by the underlying mortgages available for sale and are non-recourse to Compass. As of December 31, 2023, OriginPoint has received license approval in 36 states and Washington D.C.

Compass Concierge

Compass Concierge is a program in which we provide home sellers access to capital to front the cost of home improvement services. Home sellers can access funds to prepare their home for sale through Compass' partnership with an independent third-party lender. In addition, since early 2023, we have maintained alternative home improvement programs with several third-party service providers to help our agents' clients prepare their homes for listing and sale.

Since inception and through December 31, 2023, we had partnered with our agents and sellers on Compass Concierge projects totaling approximately \$1.14 billion, with an average project size of approximately \$28,800. We believe the program has successfully unlocked incremental transactions for our agents, delivered higher sale prices and reduced selling times for our agents' seller clients and also helped us attract high-performing agents to our platform.

Human Capital Management

At Compass, we believe that our long-term success is based on attracting, developing and retaining a diverse group of employees who espouse our entrepreneurship principles which define our culture: dream big; move fast; learn from reality;

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be solutions-driven; obsess about opportunity; collaborate without ego; maximize your strengths; and bounce back with passion. Our employees use our principles to help guide their work experience and align with our mission of helping everyone find their place in the world.

As of December 31, 2023, we had 2,549 employees across the U.S. and internationally. None of our employees are represented by a labor organization or are party to a collective bargaining arrangement.

We offer market-competitive compensation and benefits to our employees. We strive to offer a comprehensive benefit package and evaluate and supplement our benefits periodically. Our benefits package includes base pay, bonus programs for selected roles, long-term equity grants, health, dental and vision insurance plans, fertility benefits, life and disability insurance benefits, paid time off (including vacation, a community service day, and paid parental leave), as well as other benefits, such as access to mental health resources, an employee stock purchase plan and the ability to participate in a broad-base 401K plan.

Competition

The residential real estate and technology industries are highly competitive and fragmented. We compete to attract and retain top talent across the agent community, engineers, and employees in all other functions in order to build the best real estate transaction platform in fulfillment of our mission. Our business faces competition nationally and in each of the markets we serve from other real estate brokerage firms, including a growing number of internet-based brokerages and others who operate with a variety of business models. Some of these competitors provide similar services or products to us, including:

- brokering transactions for home buyers and sellers;
- providing tools to agents associated with real estate data aggregation; and
- providing integrated services products associated with residential real estate transactions, such as title and escrow and mortgage origination.

Some companies may attempt to assemble various aspects of solutions that overlap with our offering, including:

- real estate brokerage firms;
- vertical SaaS technology companies;
- enterprise technology bellwethers; and
- real estate financial services.

We believe we compete favorably based on multiple factors, including the strength and quality of our business, and our ability to retain our agents, our integrated suite of differentiated software and product solutions that empowers agents, our platform functionality and innovative product and service offerings that facilitate real estate transactions for both buyers and sellers, our growing scale, and our premier brand. Our differentiated focus on the agent enables us to deliver a premier brokerage and technology-enabled agent experience at scale.

Regulation

Regulation of the Brokerage Industry

State Regulation. Brokerage businesses are primarily regulated at the state level by agencies dedicated to real estate matters or professional services. Real estate brokerage licensing laws vary widely from state to state. Generally, all individuals and entities acting as real estate brokers or salespersons must be licensed in each state where they operate. In all states, licensed agents must be affiliated with a broker of record, managing broker, designated broker or similar licensee (a “broker of record”) to engage in licensed real estate brokerage activities. Generally, a brokerage must obtain a corporate real estate broker license, although in some jurisdictions the licenses are personal to individual brokers. The broker of record in all jurisdictions must actively supervise the individual licensees and the brokerage’s activities within the applicable jurisdiction. All licensed market participants, whether individuals or entities, must follow the jurisdiction’s real estate licensing laws and regulations. These laws and regulations generally detail minimum duties, obligations, and standards of conduct, including requirements related to contracts, disclosures, record-keeping, local offices, trust funds, agency representation, advertising, and fair housing. In each of the jurisdictions where our business operates, we have designated a properly licensed broker as the broker of record and, where required, we also hold a corporate real estate broker’s license.

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Federal Regulation. Several federal laws and regulations govern the real estate brokerage business, including federal Fair Housing Act and the Real Estate Settlement Procedures Act ("RESPA"). The Fair Housing Act prohibits discrimination in the purchase or sale of homes and applies to real estate brokers and agents, among others. The Fair Housing Act prohibits expressing any preference or discrimination based on race, religion, sex, disability, and certain other protected characteristics, and applies broadly to many forms of advertising and communications. RESPA is a federal law intended to provide consumers with improved disclosures of settlement costs and to reduce the costs of settlement services (e.g., real estate brokerage services, mortgage loan origination, title insurance, escrow and closing services, etc.) by eliminating referral fees and kickbacks. It applies to real estate brokerage services among other real estate settlement services. See the section entitled " – Regulation of Settlement Services (RESPA and Related State Law)" below for additional details. We may also be subject to the American with Disabilities Act.

Regulation of Settlement Services (RESPA and Related State Law)

RESPA and other state anti-kickback statutes (state laws limiting or prohibiting cash rebates, gifts and other inducements to referrers of settlement services business and others) serve to regulate the payments which real estate brokers, title companies, mortgage bankers, mortgage brokers and other settlement service providers may receive or make in connection with the sales of residential real property and referral of settlement services business. RESPA and similar state laws generally require timely disclosure to consumers of certain relationships and financial interests with providers of real estate settlement services. Pursuant to The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Consumer Financial Protection Bureau (the "CFPB") administers RESPA. State authorities also have certain RESPA enforcement rights. RESPA compliance is of significant importance to us and our affiliated businesses.

Regulation of the Title & Escrow Industry

Title insurance and escrow/closing services typically require licensure and are heavily regulated, often through a state's insurance regulator or other regulatory body. In a number of states, insurance rates are either promulgated by the state directly or are required to be filed with each state by the agent or underwriter. Some states also promulgate the split of title insurance premiums between the agent and underwriter. As part of the licensing process, states may also mandate certain minimum financial requirements for net worth and working capital. In some states, such as Texas, no person may acquire control, directly or indirectly, of a title company unless the person has provided required information to, and the acquisition is approved or not disapproved by, the relevant regulator. Other states have "controlled business" statutes which generally require that a title agent seek or obtain business from unaffiliated brokerages.

Regulation of the Mortgage Industry

The mortgage industry is a heavily regulated industry and private mortgage lenders operating in the U.S. are required to comply with a wide array of federal, state and local laws and regulations that regulate, among other things, the manner in which mortgage companies, including our mortgage joint venture, OriginPoint, can operate their loan origination and servicing businesses, the fees such companies may charge, and the collection, use, retention, protection, disclosure, transfer and other processing of personal information.

OriginPoint is required to be licensed in all relevant jurisdictions in which it operates and to comply with the respective laws and regulations of each such jurisdiction, as well as with applicable judicial and administrative decisions. The comprehensive body of federal, state, and local laws to which OriginPoint is subject is continually evolving and developing, including laws on advertising and privacy described in more detail in the section entitled " – Cybersecurity and Data Privacy Regulations" below. In addition, OriginPoint must comply with a number of federal, state and local consumer protection laws including, among others, the Truth in Lending Act ("TILA"), RESPA, the Equal Credit Opportunity Act ("ECOA"), the Fair Credit Reporting Act ("FCRA"), the Fair Housing Act, the Gramm-Leach-Bliley Act ("GLBA"), the Electronic Fund Transfer Act, and the Homeowners Protection Act.

Under the Dodd-Frank Act, the CFPB is authorized to engage in rulemaking and examination activity with respect to consumer financial products and services (including mortgage finance) and to enforce compliance with federal consumer financial laws, including TILA and RESPA. The CFPB has issued myriad rules, including TILA-RESPA Integrated Disclosure rules, which impose significant obligations on OriginPoint.

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Antitrust and Competition Laws

Our business is subject to antitrust and competition laws in the various jurisdictions where we operate, including the Sherman Antitrust Act, the Federal Trade Commission Act and the Clayton Act and related federal and state antitrust and competition laws in the U.S. The penalties for violating antitrust and competition laws can be severe. These laws and regulations generally prohibit competitors from fixing prices, boycotting competitors, dividing markets, or engaging in other conduct that unreasonably restrains competition. We (and independent sales agents affiliated with us) are also required to comply with state and local laws related to dual agency (such as where the same brokerage represents both the buyer and seller of a home) and increased regulation of dual agency representation may restrict or reduce the ability of impacted brokerages to participate in certain real estate transactions. Antitrust litigation has been brought against us (as described in more detail in Note 11 to our consolidated financial statements included elsewhere in this Annual Report) and other brokerages and real estate associations regarding the requirement to offer set buy-side commissions. If these cases are successful, that could affect the amount of buy-side commissions we are required to offer on listings, and how much we are able to earn on transactions where our agents represent the buyer.

Cybersecurity and Data Privacy Regulations

We are subject to a variety of U.S. state laws and regulations relating to our collection, use, and disclosure of data collected from our website and mobile users, and the manner and circumstances under which we or third parties may market and advertise our services to consumers. These laws continue to evolve as various states enact new laws and clarifying regulations, imposing significant and ever-changing privacy and cybersecurity obligations. As a result, we are subject to increased regulatory scrutiny, additional contractual requirements, and an increase in compliance costs. Some examples of the regulations we are required to comply with include without limitation, the California Consumer Privacy Act ("CCPA"), amended by the California Privacy Rights Act ("CPRA"), as well as the Virginia Consumer Data Protection Act ("VCDPA"), both of which took effect January 1, 2023, and other similar state regulations, portions of the GLBA, namely the Safeguards rule, which governs the disclosure and safeguarding of consumer financial information, and the Telephone Consumer Protection Act ("TCPA"), which restricts certain types of telemarketing calls and the use of auto-dialing systems and prerecorded messages and establishes a national Do-Not-Call registry.

Environmental Regulation

Our technology platform operates in a cloud-based model, which gives us an insignificant physical geographical footprint. While we have hundreds of physical offices, we locate them in population centers and they are no larger than needed to service our agents' clients' needs. Due to this, we are not materially impacted by any environmental regulations.

Other Real Estate Industry Rules

Aside from federal, state and local regulations, we are subject to a variety of rules promulgated by trade organizations including the NAR, state and local associations of REALTORS, and MLSs. Generally, as members of these organizations, we are subject to their policies, bylaws, codes of ethics, and fees and rules, which govern our dealings with other members, the public, and clients as well as the manner in which we use and display the organization's brand and services. We have a dedicated team that works with a variety of stakeholders, including our brokers of record, to help manage and comply with these rules and policies.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We rely upon a combination of trademarks, trade secrets, copyrights, confidentiality procedures, contractual commitments, licenses, domain names, and other legal rights to establish and protect our intellectual property. We generally enter into confidentiality agreements and invention or work product assignment agreements with our officers, employees, agents, contractors, and business partners to control access to, and clarify ownership of, our proprietary information.

As of December 31, 2023, we had more than 42 trademark registrations and applications in the United States, including registrations for "Compass" and the Compass logo. We also had 27 trademark registrations and applications in certain foreign jurisdictions. Additionally, we are the registered holder of a number of domain names, including "compass.com."

We continually review our development efforts to assess the existence and patentability of new intellectual property. We intend to continue to evaluate the benefit of patent protection with respect to our technology, and will file additional applications when we believe it will be beneficial.

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Available Information

We make available free of charge on our investor relations page on our website, www.compass.com, filings we make with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and our Proxy Statements, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing such materials with, or furnishing them to, the SEC.

The SEC maintains a website, www.sec.gov, that contains reports, proxy and information statements and other information that we file electronically with the SEC.

From time to time, we intend to announce material information to the public also through the investor relations page on our website, press releases, public conference calls, public webcasts, and our X (formerly Twitter) feed (@Compass), our Facebook page, our LinkedIn page, our Instagram account, our YouTube channel, and Robert Reffkin's X feed (@RobReffkin) and Instagram account (@robreffkin). We use these mediums, including our website, to communicate with our stockholders and the public about our company, our product candidates and other matters. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors and others interested in our Company to review the information that we make available on our website. Further, corporate governance information, including our governance guidelines, board committee charters and code of ethics, is also available on our investor relations website under the heading "Governance."

The information contained on, or that can be accessed through, the website referenced in this Annual Report is not incorporated by reference into this filing, and the website address is provided only as an inactive textual reference.

Item 1A. Risk Factors.

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information in this Annual Report, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations". The occurrence of any of the events or developments described below, or of additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Business and Operations

Our success depends on general economic conditions, the health of the U.S. real estate industry, and risks generally incident to the ownership of residential real estate, and our business may be negatively impacted by economic and industry downturns, including seasonal and cyclical trends, and volatility in the residential real estate market.

Our success is impacted, directly and indirectly, by a number of factors related to general economic conditions, the health of the U.S. real estate industry, and risks generally incident to the ownership of residential real estate, many of which are beyond our control, including: adverse changes in local, regional, or national economic conditions, including periods of slow economic growth or recessionary conditions; volatility in the residential real estate industry; seasonal and cyclical trends in the residential real estate industry; changes in real estate market conditions; insufficient or excessive home inventory levels; increasing mortgage rates and down payment requirements or constraints on the availability of mortgage financing; low levels of consumer confidence in the economy or the residential real estate market; weak credit markets; instability of financial institutions; legislative or regulatory changes; high levels of foreclosure activity; the inability or unwillingness of consumers to enter into sale transactions; a decrease in the affordability of homes including the impact of rising mortgage rates, home price appreciation and wage stagnation or wage increases that do not keep pace with inflation; and decreasing home ownership rates, declining demand for real estate and changing social attitudes toward home ownership.

As our revenue is primarily driven by sales commissions and transaction fees, any slowdown or decrease in the total number of residential real estate sale transactions executed by our agents could adversely affect our business, financial condition and results of operations. Additionally, any decrease in the number of transactions our title and escrow business closes and the number of mortgages OriginPoint originates, could further impact our business, financial condition and results of operations.

Monetary policies of the federal government and its agencies may have an adverse impact on our business, financial condition and results of operations.

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The U.S. real estate market is significantly affected by the monetary policies of the federal government and its agencies, and is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S. and impacts the real estate market through its effect on mortgage interest rates. The Federal Reserve Board took aggressive actions aimed at controlling inflation in 2022 and 2023, including raising the interest rate and reducing its holdings of mortgage-backed securities. Rising interest rates in 2022 and 2023 have contributed to rising mortgage interest rates, which in turn contributed to a decline in residential real estate home sale transaction volume and inventory constraints. While the Federal Reserve Board has indicated that it was shifting its policy toward pausing additional interest rate increases and potentially lowering interest rates in 2024 as inflation declines, there is no guarantee that it will not shift its focus back to increasing interest rates or lower interest rate at a speed that we anticipate or at all. Changes in the Federal Reserve Board's policies are beyond our control and are difficult to predict and could negatively impact the residential real estate market, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Rising interest rates have contributed to a decline in residential real estate home sale transaction volume and title and escrow and mortgage activity, which has had an adverse effect on our business, financial condition and results of operations.

Rising interest rates have contributed to a decline in residential real estate home sale transaction volume, which has had an adverse effect on our business, financial condition and results of operations. As mortgage interest rates rise, potential home sellers are more likely to choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage interest rate with the purchase of another home, or prefer to rent rather than purchase a home. Additionally, the overall affordability of homes generally decreases in the high mortgage interest rates environment. Both of these trends have contributed to inventory constraints and a decline in home sale transaction volume in the recent years. If inventory constraints remain and home sale transaction volume continues to decline, due to the mortgage interest rates or otherwise, we expect such decline to continue to have an adverse effect on our business, financial condition and results of operations. A decline in home sale transaction volume also has a negative impact on the title and escrow activities, which could have an adverse effect on our business, financial condition and results of operations.

Rising interest rates have also had an adverse effect on the mortgage origination business of our mortgage joint venture. As interest rates rise, mortgage interest rates rise as well, reducing demand for purchase mortgages and making refinancing generally a smaller portion of the mortgage loan market. Reduced demand for purchase mortgages and refinancing generally results in an increase in competition among loan originators, which has, and is likely to continue to have, a negative impact on revenue volume and gross profit margin for our mortgage joint venture.

Ongoing industry antitrust class action litigation (including the Antitrust Lawsuits filed against us) or any related regulatory activities, could result in meaningful industry-wide changes and could have a materially adverse effect on our business, operations, financial condition, and results of operations.

The ongoing industry antitrust class action litigation, as well as the Antitrust Lawsuits filed against us (as described in more detail in Note 11 to our consolidated financial statements included elsewhere in this Annual Report (including any injunctive relief, appeals or settlements), either alone or in combination with related regulatory or governmental actions, or any resulting changes to competitive dynamics or consumer preferences, could result in meaningful industry-wide changes, including changes to the broker commission structure and meaningful decreases in the average broker commission rate (including the average buy-side commission rate). Such changes could have a materially adverse effect on our business, operations, financial condition and results of operations.

There can be no assurances as to whether the DOJ or FTC, their state counterparts, state or federal courts, or other governmental body will determine that any industry practices or developments have an anti-competitive effect on the industry or are otherwise proscribed. Any such determination could result in industry investigations, enforcement actions, changes in legislation, regulations, interpretations or regulatory guidance or other legislative or regulatory action or other actions, any of which could have the potential to result in additional limitations or restrictions on our business, cause material disruption to our business, result in judgments, settlements, penalties or fines (which may be material), or otherwise have a direct or indirect materially adverse effect on our business, financial condition and results of operations.

Any decrease in our gross commission income or the percentage of commissions that we collect may harm our business, financial condition and results of operations.

Our business model depends upon our agents' success in generating gross commission income, which we collect and from which we pay them net commissions. Real estate commission rates vary somewhat by market, and although historical rates have been relatively consistent over time across markets, there can be no assurance that prevailing market practice will not

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change in a given market or across the industry. Customary commission rates could change due to market forces locally or industry-wide and due to regulatory or legal changes in such markets, including as a result of litigation or enforcement actions. We cannot predict the outcome of any new investigations or enforcement actions, but any such actions may result in industry-wide regulations, which can cause commission rates to decrease. Any decrease in commission rates may adversely impact our business, financial condition, and results of operations.

In addition, we collect fees from our agents for use of our platform, including our technology suite. There can be no assurance that we will be able to maintain the percentage of commission income or fees we collect from our agents. If industry conditions change, such that other platforms offer similar technologies to ours at a lower price or for free, we may be forced to reduce the percentage of commissions we collect from our agents, and our business, financial condition, and results of operations may be adversely impacted.

Declining home inventory levels may result in insufficient supply, which could negatively impact home sale transaction growth.

Home inventory levels have been declining in certain markets and price points in recent years, which has caused more homeowners to retain their homes for longer periods of time, driving a negative impact on the volume of home sale transactions closed by our brokers and agents. This decline has been caused by pressures outside our control, including slow or accelerated new housing construction, macroeconomic conditions, and real estate industry models that purchase homes for long-term rental or corporate use. The continuing decline in home inventory levels could have a material adverse effect on our business and profitability.

We must carefully manage our expense structure and a failure to do so could have a material adverse effect on our business.

The real estate market has experienced an increase in interest rates followed by a material decrease in the number of real estate transactions. We must conservatively manage our cash and expenses in light of these and other negative changes in market conditions. To date, we have done so through reductions in force, changes to our spending approval processes, adjustments to our sales incentives and sales teams, and otherwise by pivoting our focus from growth to profitability and cash flow. Although we expect to continue to make future investments in the development and expansion of our business, we may also in the future undertake further initiatives to restructure our operations to improve operational efficiency. Gaining additional efficiencies may become increasingly difficult over time. In addition, there are one-time restructuring costs and negative impacts on sales growth and company operations relating to restructurings. We may be unable to successfully implement our cost savings strategies as much as is necessary given market conditions. Moreover, since we were founded, we have incurred net losses and have had an accumulated deficit, and may continue to do so, for a number of reasons, including: declines in U.S. residential real estate transaction volumes; changes in general economic conditions; changes in real estate market conditions; expansion into new markets for which we typically incur more significant losses immediately following entry; increased competition; increased costs to attract and retain agents, to hire additional personnel to support our overall growth, for research and development, and for sales and marketing; changes in our fee structure or rates; inefficiencies in our technology and business model; failure to execute our growth strategies; and unforeseen expenses, difficulties, complications and delays. Any or all of the foregoing may cause a material adverse effect on our business. Further, there can be no assurance that our strategic initiatives and cost savings efforts will result in sustained levels of profitability and positive cash flows that we intend or at all.

Because a material portion of our business is concentrated in certain geographic areas and high-end markets, any adverse economic, real estate or business conditions in these geographic areas and/or impacting high-end markets could have a material adverse effect on our operating results.

A material portion of our real estate brokerage offices and agents are concentrated in certain geographic areas, such as Southern California, Northern California, Texas and the tri-state area. Local and regional real estate and economic conditions could differ materially from prevailing conditions in other parts of the U.S. While overall the U.S. real estate market could be performing well, a downturn in a geographic area where we have a material presence could result in a decline in our gross commission income and could have a material adverse effect on our operating results.

Additionally, a material portion of our real estate transactions take place in high-end markets. Any downturn in high-end markets could result in a decline in our gross commission income and could have a material adverse effect on our operating results. Further, if there is a downturn in high-end markets, our agents may shift to transactions involving middle and lower range market prices, which, absent an increase in the number of transactions, could result in a decline in our gross commission income.

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If we fail to continuously innovate, improve and expand our platform to create value for our agents and our agents' clients, our business, financial condition and results of operations could be adversely affected.

Our success depends on our ability to continuously innovate and improve our platform to provide value to our agents and their clients. As a result, we have invested significant resources, and plan to continue to invest, though to a lesser degree, additional resources, in research and development to improve and maintain our platform and support our technology infrastructure, which allows us to provide an expanded suite of technology offerings that we believe differentiate us from our competitors. There can be no guarantee that we can continue to launch new products and services in a timely manner, or at all, and even if we do, they might not be utilized by our agents at the rate we expect. While we believe our investments help our agents succeed, there can be no guarantee that we will retain our agents across the markets we serve, nor that our investments will drive increased productivity for our agents.

Additionally, at times, we expand our technology offerings by acquiring value-add real estate technology companies. While we think these strategic acquisitions expand our capabilities into critical components of the transaction, our agents may not value these additions and may not utilize them at the rate we expect.

Our continued growth depends on our ability to attract highly-qualified agents in each of the markets we serve and, once they are on our platform, to retain them and to help them expand their businesses by utilizing our platform and technology offerings. If we fail to identify and invest in our platform and expand our technology offerings via acquisitions in the way that creates value for our agents and our agents' clients, we may fail to attract new agents, retain current agents or increase agents' productivity through utilization of our platform, which could adversely affect our business, financial condition and results of operations.

Our efforts to expand our operations, including our brokerage and integrated services businesses, and to offer additional integrated services may not be successful.

We have grown our brokerage business rapidly since our inception. We plan to continue our expansion of the brokerage business; however, there is no guarantee that we will be successful or will expand at the rate we anticipate. In addition, in 2018, we entered into the integrated services market and have since expanded our integrated services offerings to include title and escrow and mortgage origination services in certain markets. We think that the synergies between these integrated services and our brokerage business increase transparency and deliver a more integrated closing process for our agents' clients and thus, provides additional value to our agents. However, currently, our integrated services are available only in certain markets. If we are unsuccessful in expanding these services into other markets, then we may not realize the expected benefits (including anticipated revenue), which could adversely affect our business, financial condition and results of operations. Similarly, if our agents do not recommend our integrated services to our agents' clients, then our revenue from integrated services will not grow as quickly as we expect. While we plan to continue to expand our brokerage and integrated services businesses to other offerings, there is no guarantee that we will do so or be successful, and even if we do, the expansions might be at a slower pace than we anticipate.

We may not realize the expected benefits from our mortgage joint venture.

We may not realize the expected benefits from OriginPoint, our mortgage joint venture, which will depend, in part, on the successful partnership between us and Guaranteed Rate and the successful day-to-day operation of the business by OriginPoint's management. The services which Guaranteed Rate is engaged to provide to OriginPoint may deteriorate and cause OriginPoint to make alternative arrangements. Further, in the event of a disagreement with Guaranteed Rate, we may not be able to resolve such disagreement in our favor, which could have a material adverse effect on our interest in or the business of the joint venture. In addition, improper actions by OriginPoint or Guaranteed Rate may lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability, which, if determined adversely, could increase costs, negatively impact our reputation and subject us to liability for their actions. Also, because OriginPoint is a mortgage origination company, it is subject to many of the same factors that affect our real estate brokerage and title and escrow services, including: regulatory changes; changes in mortgage underwriting standards; increases in mortgage interest rates; changes in real estate market conditions; changes in consumer trends; competition; decreases in operating margins; and changes in economic conditions. Any of the foregoing could have an adverse impact on OriginPoint's results of operations and financial condition, which could result in us not being able to realize the expected benefits from the joint venture.

We operate in highly competitive markets and we may be unable to compete successfully against competitors.

We operate in a competitive and fragmented industry, and we expect competition to continue to increase. We believe that our ability to compete depends upon many factors, including: our ability to attract and retain agents; the timing and market acceptance of products and services offered by us or our competitors; the attractiveness of our integrated services for agents

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and our agents' clients; our ability to attract top talent to support our business model; and our brand strength relative to our competitors.

Our business model depends on our ability to continue to attract agents and our agents' clients to our platform, and to enhance their engagement in a cost-effective manner. We face competition nationally and in each of our markets from traditional real estate brokerage firms, some of which operate nationally and others that are limited to a specific region or regions, from real estate technology companies, including a growing number of Internet-based brokerages and others who operate with a variety of business models, and from new entrants, particularly smaller companies offering point solutions. Some of our competitors could have significant competitive advantages, including better name recognition, greater resources, lower cost of funds and access to additional capital, more product and service offerings, and higher risk tolerances or different risk assessments. If we are not able to continue to attract agents and our agents' clients to our platform, our business, financial condition and results of operations could be adversely affected.

Our ability to recruit agents depends on the strength of our reputation, and adverse media coverage could harm our business.

We believe that we have developed a strong reputation for helping agents succeed on the basis of the technological sophistication of our platform and our ability to offer a wide range of high-quality services. General awareness and the perceived quality and differentiation of our platform are important aspects of our efforts to attract and retain agents. In addition, our actions and growth are frequently reported in national and regional trade publications and other media, and media coverage of our business can be critical, and may not be fair or accurate. Our reputation may be harmed due to adverse media coverage related to our actions, the actions of our agents, or other events, which may cause our ability to attract and retain agents to suffer. If we are unable to maintain or enhance agent awareness of our business, or if our reputation is damaged in a given market or nationally, our business, financial condition, and results of operations could be adversely affected.

We have experienced rapid growth in the past, which may not be indicative of our future growth. Additionally, given our recent focus on our expense structure and cost savings efforts, we may not be able to re-accelerate our business growth, which could have an adverse effect on our business, financial condition and results of operations.

We experienced rapid growth for several years since our founding in 2012 but in recent years, due to market conditions, our decision to conservatively manage our expense structure and focus on cost savings, as well as other factors, our rate of growth has slowed. We may also make other decisions, such as more conservatively managing our expense structure, that could further slow our growth. In the future, we may not be able to grow as fast as we had in the past or at all.

If we experience rapid growth again, given our recent focus on our expense structure and cost savings efforts, we may not be able to scale our business as quickly as we need to in order to take advantage of all the growth opportunities available to us and meet all of the demands of our new agents and their clients. Any failure or delay in scaling our business timely and efficiently could cause us to miss out on future opportunities. Additionally, to support growth in the future, we must continue to improve our management resources and our operational and financial controls and systems, which may increase our expenses more than anticipated and result in a more complex business.

We use cash to satisfy payroll tax withholding obligations that arise in connection with the monthly net settlements of RSU awards granted to our employees, which may have an adverse effect on our financial condition and liquidity. If we instead choose to implement a "sell-to-cover" settlement method in the future, additional shares will be issued and sold in the market at settlement to cover payroll tax withholding obligations, which would result in dilution to our stockholders.

Our stock-based compensation primarily consists of granting restricted stock unit ("RSU") awards to our employees that vest based on the satisfaction of a service-based condition, which is generally satisfied over four years. Federal, state and local payroll tax withholding obligations for RSUs arise in connection with their settlement to employees. Our current settlement practice is to net settle vested RSUs, meaning that we withhold the equivalent number of RSUs that would otherwise be issued as shares of our Class A common stock in lieu of the amount required to satisfy payroll tax withholding obligations on behalf of our employees by remitting the appropriate taxes to the relevant tax authorities. We refer to this as "net settlement." We currently, and plan to continue to, net settle vested RSUs granted to our employees on a monthly basis, which, depending upon the market value of shares of our Class A common stock underlying the RSUs, may result in a significant use of our cash and may have an adverse effect on our financial condition and liquidity.

In the future, we may implement a "sell-to-cover" settlement method to satisfy payroll tax withholding obligations for our employees, under which shares of our Class A common stock with a market value equivalent to or greater than the tax withholding amounts would be automatically sold by the employees holding RSUs upon settlement to satisfy their payroll

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tax withholding obligations, and the cash proceeds from such sales will be remitted by us to the relevant tax authorities. Such sales would not result in our use of additional cash to satisfy the payroll tax withholding obligations for RSUs, but would result in greater dilution to our stockholders and increase costs to our employees with RSU awards than the net settlement.

Our quarterly results and other operating metrics may fluctuate from quarter to quarter, which makes these metrics difficult to predict.

Our results of operations have fluctuated in the past and are likely to fluctuate significantly from quarter-to-quarter and year-to-year in the future for a variety of reasons, many of which are outside of our control and difficult to predict. Factors that can influence our results of operations, include: changes in real estate market conditions; our ability to attract and retain agents; our ability to continuously innovate, improve, and expand our platform; changes in interest rates or mortgage underwriting standards; the actions of our competitors; costs and expenses related to the strategic acquisitions, partnerships, and joint ventures; increases in and timing of operating expenses that we may incur to grow and expand our operations and to remain competitive; changes in the legislative or regulatory environment; system failures or outages; actual or perceived breaches of security or privacy, and the costs associated with preventing, responding to, or remediating any such outages or breaches; adverse judgments, settlements, or other litigation-related costs and the fees associated with investigating and defending claims; the overall tax rate for our business; the impact of any changes in tax laws or judicial or regulatory interpretations of tax laws, which are recorded in the period such laws are enacted or interpretations are issued and may significantly affect the effective tax rate of that period; the application of new or changing financial accounting standards or practices; and changes in regional or national business or macroeconomic conditions.

Because our results of operations are tied to certain key business metrics and non-GAAP financial measures that have fluctuated in the past and are likely to fluctuate in the future, our historical performance, including from recent quarters or years, may not be a meaningful indicator of future performance and period-to-period comparisons may not be meaningful. As such, reliance should not be placed upon our historical results of operations as indicators of future performance.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel, could harm our business.

Our success depends upon the continued service of our senior management team, including Robert Reffkin, our founder, Chairman and Chief Executive Officer. Our success also depends on our ability to manage effective transitions when management team members pursue other opportunities. In addition, our business depends on our ability to continue to attract, motivate, and retain a large number of skilled employees across our company. The loss of key engineering, product development, operations, marketing, sales and support, finance and legal personnel could also adversely affect our ability to build on the efforts such individuals have undertaken and to execute our business plan, and we may not be able to find adequate replacements. In addition, we do not have "key person" insurance on any of our employees.

We face intense competition for qualified individuals from numerous real estate, software and other technology companies. To attract and retain key personnel, we incur significant costs, including salaries and benefits and equity incentives. Even so, these measures may not be enough to attract and retain the personnel we require to operate our business effectively.

Actions by our agents or employees could adversely affect our reputation and subject us to liability.

Our success depends on the performance of our agents and employees. Although our agents are independent contractors, if they were to provide lower quality services to our agents' clients, our image and reputation could be adversely affected. In addition, if our agents make fraudulent claims about properties they show, their transactions lead to allegations of errors or omissions, they violate certain regulations, including employment laws applicable to the management of their own employees, or they engage in self-dealing or do not disclose conflicts of interest to our agents' clients, we could be subject to litigation and regulatory claims which, if adversely determined, could adversely affect our business, financial condition and results of operations. Similarly, we are subject to risks of loss or reputational harm in the event that any of our employees violate applicable laws.

We may be subject to losses relating to the operations of our title and escrow businesses as a result of errors, omissions, fraud, defalcation, or other misconduct.

Our title companies issue title insurance policies on behalf of title insurance underwriters. These policies provide coverage for real property to lenders and buyers. The title underwriter is typically liable for the payment of claims under title policies, but we may be subject to liability and losses if we are negligent. Some of our title companies and our escrow company also provide escrow and closing services. These services facilitate the transfer of ownership of real property. We

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may be subject to liability and losses arising from the provision of these services. For example, we may be subject to liability and losses if we improperly handle consumer or other third-party funds.

We carry errors and omissions insurance for errors made by our title and escrow companies, but insurance carriers may dispute coverage for various reasons, there can be no assurance that all claims will be covered, and losses could potentially exceed our coverage. Fraud, defalcation, and misconduct by employees and others are also risks inherent in our title and escrow business. To the extent that any loss or theft of funds related to our title and escrow companies substantially exceeds our insurance coverage, our business and results of operations could be adversely affected.

If we pursue acquisitions that are not successfully completed or integrated into our existing operations, our business, financial condition, or results of operations may be adversely affected.

From time to time, we evaluate a wide array of potential strategic opportunities, including acquisitions and “acqui-hires” of businesses in new geographies. We sometimes engage in acquisitions of brokerage businesses to provide us with greater access to a given market. At times, we may also look to acquisitions to provide us with additional technology to further enhance our platform and accelerate our ability to offer new products or to expand our integrated services offerings. These strategic acquisitions could be material to our financial condition and results of operations, but there can be no guarantee that they will result in the intended benefits to our business, and we may not successfully evaluate or utilize the acquired agents, businesses, products, or technology, or accurately forecast the financial impact of a strategic acquisition. We may discover liabilities or deficiencies associated with the companies or assets we acquire that were not identified in advance or for which we are not adequately indemnified by sellers, which may result in significant unanticipated costs. The effectiveness of our due diligence review and our ability to evaluate the results of such due diligence are dependent upon the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives, as well as the limited amount of time in which acquisitions are executed. In addition, integrating an acquired company, business, or technology is risky and may result in unforeseen operating difficulties and expenditures, particularly in new markets or with respect to new integrated services, and we have experienced these difficulties and expenditures in connection with certain of our previous acquisitions. Moreover, the integration of acquisitions requires significant time and resources, and we may not manage these processes successfully. We continue to make investments of resources to support our acquisitions, which we expect will result in significant ongoing operating expenses and may divert resources and management attention from other areas of our business.

Our failure to successfully integrate the companies we acquire and address risks or other problems encountered in connection with our past or future strategic acquisitions could cause us to fail to realize the anticipated benefits of such strategic acquisitions, incur unanticipated liabilities, and harm our business, financial condition, and results of operations. In addition, strategic acquisitions may require us to issue additional equity securities, spend a substantial portion of our available cash, or incur debt or liabilities, amortize expenses related to intangible assets, or incur write-offs of goodwill, which could adversely affect our business, financial condition, and results of operations and could result in dilution to our stockholders.

A change in mortgage underwriting standards could reduce the ability of homebuyers to access the credit markets on reasonable terms, or at all.

During the past several years, many lenders have significantly tightened their underwriting standards and many alternative mortgage products have become less available in the marketplace. In addition, certain lenders added new criteria or approvals necessary to underwrite mortgages in response to the COVID-19 pandemic. Underwriting standards could be changed or tightened as a result of changes in regulations, including those enacted to increase guarantee fees of federally-insured mortgages. More stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes in order to purchase new homes, which may decrease the number of real estate transactions that our agents execute and that our title and escrow businesses close, and may decrease the number of mortgages that OriginPoint originates. Any of these impacts would adversely affect our business, financial condition, and results of operations.

We may not be able to maintain or establish relationships with MLSs and third-party listing providers, which could limit the information we are able to provide to our agents and our agents' clients.

Our ability to attract agents to our platform and to appeal to our agents' clients depends upon providing a robust number of listings. To provide these listings in our services, in addition to the information provided by our agents, we maintain relationships with MLSs and other third-party listing providers. Certain of our agreements with real estate listing providers are short-term agreements that may be terminated with limited notice. The loss of our existing relationships with these parties, changes to our rights to use listing data, or an inability to continue to add new listing providers may cause our listing data to omit information important to our agents or our agents' clients. Additionally, if the MLSs cease to be the

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predominant source of listing data, we might not be able to provide comprehensive listing data to our agents and their clients. Any of these events could negatively impact our reputation and agent and client confidence in the listing data we provide and reduce our ability to attract and retain agents, which could harm our business, financial condition, and results of operations.

Cybersecurity incidents could disrupt business operations and result in the loss of critical and confidential information or claims or litigation arising from such incidents, any of which may adversely impact our reputation and business, financial condition, and results of operations.

We face growing risks and costs related to cybersecurity threats to our operations and our data (including agent and client data) including:

- the failure or significant disruption of our operations from various causes, such as human error, computer malware, ransomware, insecure software and systems, zero-day vulnerabilities, threats to or disruption of third-party service providers who provide critical services, or other events related to our critical information technologies and systems;
- the increasing level and sophistication of cybersecurity attacks, such as distributed denial of service attacks, data theft, fraud or malicious acts on the part of trusted insiders, social engineering (including phishing attempts or the creation of copycat websites), or other unlawful tactics aimed at compromising the systems and data of our agents and our agents' clients (including through systems not directly controlled by us, such as those maintained by our agents and third-party service providers); and
- the reputational and financial risks associated with a loss of data or material data breach (including unauthorized access to our proprietary business information or personal information of our agents and our agents' clients), the transmission of computer malware, or the diversion of sale transaction closing funds.

Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to information technology systems via viruses, ransomware, and other malicious software, to phishing or advanced and targeted attempts to breach systems launched by individuals, organizations, or sponsored nation state actors. These attacks may be directed at our business, employees, agents, third-party service providers, and our agents' clients. An attack, threat, or breach of one system can impact one or more other systems.

In the ordinary course of our business, we and our third-party service providers, our employees, agents, and agent's clients may collect, store, and transmit sensitive data, including our proprietary business information and intellectual property and that of our agents and our agents' clients as well as personal information, sensitive financial information, and other confidential information. Our agents' use of our platform to access and store data presents us with uncertainties and risks, as they may accidentally or deliberately cause private information to be transmitted through unsecure channels, which may lead to breaches or other leaks of such information.

Additionally, we increasingly rely on third-party service providers that provide data processing, data storage, and critical infrastructure services, including cloud solution providers. The secure processing, maintenance, and transmission of this information are critical to our operations and, with respect to information collected and stored by our third-party service providers, we are reliant upon their security procedures, controls, and adherence to our agreements. A breach or attack affecting one of our third-party service providers or partners could adversely impact our business, our client's business, and our reputation even if we do not control the service that is attacked.

Moreover, the real estate industry is actively targeted by cybersecurity threat actors who attempt to conduct electronic fraudulent activity (such as business email compromise), security breaches, and similar attacks directed at participants in real estate services transactions. In common with others in our industry, we manage and hold confidential personal information in the operation of our platform. Accordingly, we have been and continue to be subject to a range of cyber-attacks, such as the creation of Compass or agent copycat websites, and email and text-based phishing attacks on our agents and our agents' clients. We have enhanced our security measures and continue to invest in these measures to mitigate the risk of new and similar attacks in the future. However, there can be no assurance that our enhanced security measures, which are also partially dependent upon the security practices of our agents, our agents' clients, and participants will timely detect or prevent other cyber-attacks in the future. Cyber-attacks could give rise to the loss of significant amounts of data and other sensitive information and possibly disable our information technology systems which are used to service our agents. Such threats may be beyond our control as our employees and agents and our agents' clients and other third-party service providers may use e-mail, computers, smartphones, and other devices and systems that are outside of our security control environment. In addition, real estate transactions involve the transmission of funds by the buyers and sellers of real estate and consumers or other service providers selected by the consumer that may be the subject of direct cyber-attacks that result in the fraudulent diversion of funds, notwithstanding efforts we have taken to educate consumers with respect to these risks.

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In addition, cybersecurity threat actors have attempted, and may attempt in the future, to conduct fraudulent activity by engaging with our agents or our agents' clients, including in our title insurance and escrow business. We make a large number of wire transfers in connection with loan and real estate closings and process sensitive personal data in connection with these transactions. Although we have sophisticated fraud detection processes and have taken other measures to continuously improve controls to identify fraudulent activity on our mobile app, website, and internal systems, we may not be able to detect and prevent all such activity. Persistent or pervasive fraudulent activity may cause our agents or our agents' clients to lose trust in us and decrease or terminate their usage of our platform, which could materially harm our operations, business, results, and financial condition. The increasing prevalence and sophistication of cyber-attacks as well as the evolution of cyber-attacks and other efforts to breach or disrupt our systems or those of our employees, agents, agents' clients, and third-party service providers, has led and will likely continue to lead to increased costs to us with respect to identifying, protecting, detecting, containing, responding, recovering, mitigating, insuring against, and remediating these risks, as well as any related attempted or actual fraud.

While we have experienced and expect to continue to experience these types of threats and incidents, none of them have been material to our business. Although we employ measures to identify, protect, detect, address, contain, and mitigate these threats, and conduct diligence on the security measures employed by key third-party service providers, cybersecurity incidents, depending on their nature and scope, could potentially result in harm to confidentiality, integrity, and availability of critical systems, data, and confidential or proprietary information (our own or that of third parties, including personal information and financial information) and the disruption of business operations.

The potential consequences of a material cybersecurity incident include regulatory violations of applicable U.S. and to a lesser degree, international privacy law, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the products and services we provide to our agents and our agents' clients, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), any of which in turn could have a material adverse effect on our competitiveness and business, financial condition, and results of operations. We cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident, will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition, and results of operations.

Our fraud detection processes and information security systems may not successfully detect all fraudulent activity by third parties aimed at our employees or agents, which could adversely affect our reputation and business results.

Third-party cybersecurity threat actors have attempted in the past, and may attempt in the future, to conduct fraudulent activity by engaging with our agents or our agents' clients, using copycat websites, or illegitimate money transfer requests. These threats may also affect our title insurance and escrow business. We make a large number of wire transfers in connection with loan and real estate closings and process sensitive personal data in connection with these transactions. Although we have sophisticated fraud detection processes and have taken other measures to continuously improve controls to identify fraudulent activity on our mobile app, website and internal systems, we may not be able to detect or prevent all such activity. Persistent or pervasive fraudulent activity may cause our agents or our agents' clients to lose trust in us and decrease or terminate their usage of our services, which could materially harm our operations, business, results, and financial condition.

We could be subject to losses if banks do not honor our escrow and trust deposits.

We act as escrow agents for certain of our agents' clients. As an escrow agent, we receive money from our agents' clients to hold until certain conditions are satisfied. Upon the satisfaction of those conditions, we release the money to the appropriate party. We deposit this money with various depository banks and while these deposits are not assets of our business, we remain contingently liable for the disposition of these deposits. A significant amount of these deposits held by depository banks may be in excess of the federal deposit insurance limit. If any of our depository banks were to become unable to honor any portion of our deposits due to a bank failure or otherwise, our agents' clients could seek to hold us responsible for such amounts and, if our agents' clients prevailed in their claims, we could be subject to significant losses.

A significant adoption by consumers of alternatives to full-service agents could have an adverse effect on our business, financial condition, and results of operations.

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A significant change in consumer sales that eliminates or minimizes the role of the agent in the real estate transaction process could have an adverse effect on our business, financial condition, and results of operations. These options may include direct-buyer companies (also called iBuyers) that purchase directly from the seller at below-market rates in exchange for speed and convenience and then resell the properties shortly thereafter at market prices, and discounters who reduce the role of the agent in order to offer sellers a low commission or a flat fee while giving rebates to buyers. Consumer preferences regarding buying or selling houses and financing their home purchase will determine if these models reduce or replace the long-standing preference for full-service agents.

We have integrated, and may continue to integrate in the future, machine learning and AI in certain tools and features available on our platform. Machine learning and AI technology present various operational, compliance and reputational risks and if any such risks were to materialize, our business and results of operations may be adversely affected.

We have integrated machine learning and AI in a number of tools and features available on our platform that our agents use in their daily activities. For example, our "Likely to Sell" feature uses machine learning to recommend contacts to our agents with the highest likelihood of selling their homes within the next 12 months, and certain of our marketing tools use AI to help our agents write social media and marketing content, including, but not limited to, property descriptions and emails to their clients. We may continue to integrate machine learning and AI technology in new offerings. Notwithstanding the use of AI within our platform and certain agent activities, we have yet to utilize AI within our financial reporting or internal control over financial reporting functions. Given that machine learning and AI is a new and rapidly developing technology that is in its early stages of business use, it presents a number of operational, compliance and reputational risks. AI algorithms are currently known to sometimes produce unexpected results and behave in unpredictable ways (e.g., "hallucinatory behavior") that can generate irrelevant, nonsensical, deficient or factually incorrect content and results, which may result in reputational harm to us and our agents and be damaging to our "Compass" brand. Additionally, content, analyses or recommendations that are based on machine learning and AI might be found to be biased, discriminatory or harmful, might present ethical concerns and might violate current and future laws and regulations. We expect that there will continue to be new laws or regulations concerning the use of machine learning and AI technology, which might be burdensome for us to comply with and may limit our ability to offer our existing tools and features or new offerings based on machine learning and AI technology. Further, the use of machine learning and AI technology involves complexities and requires specialized expertise. We may not be able to attract and retain top talent to support our machine learning and AI technology initiatives and maintain our systems and infrastructure. Any disruption or failure in our machine learning and AI systems or infrastructure could result in delays and operational challenges. If any of the operational, compliance or reputational risks were to materialize, our business and results of operations may be adversely affected.

We plan to expand into international markets, which will expose us to significant risks.

A component of our future growth strategy involves the further expansion of our operations and establishment of an agent base internationally. We are continuing to adapt and develop strategies to address international markets, but there is no guarantee that such efforts will have the desired effect. For example, we may need to establish relationships with new partners or acquire businesses in order to expand into certain countries, and if we fail to identify, establish, and maintain such relationships or successfully identify and acquire businesses, we may be unable to execute on our expansion plans. Although we maintain limited operations in India, none of our agents are located outside of the U.S. and we currently do not engage in any non-U.S. real property transactions, except for de-minimis transactions through partnerships with local non-U.S. brokerages. We expect that our international activities will grow in the future as we pursue opportunities in international markets, which may require significant dedication of management attention and will require significant upfront investment.

Our current and future international business and operations involve a variety of risks, including the need to adapt and localize our platform for specific countries; unexpected changes in trade relations, regulations, or laws; new, evolving, and more stringent regulations relating to privacy and data security and the unauthorized use of, or access to, commercial and personal information, particularly in Europe and Canada; difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems; increased travel, real estate, infrastructure, and legal compliance costs associated with international operations; and regulations, adverse tax burdens, and foreign exchange controls that could make it difficult to repatriate earnings and cash.

If we invest substantial time and resources to establish international operations and are unable to do so successfully or in a timely manner, our business, financial condition, and results of operations may be adversely impacted.

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Our management team is required to evaluate the effectiveness of our internal control over financial reporting. If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports, which could adversely affect our business.

Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and to report any material weaknesses in such internal control. Our independent registered public accounting firm is required to deliver an attestation report on the effectiveness of our disclosure controls and internal control over financial reporting. An adverse report may be issued in the event our independent registered public accounting firm is not satisfied with the level at which our controls are documented, designed, or operating.

When evaluating our internal control over financial reporting, we may identify material weaknesses during the year that we may not be able to remediate by year-end. For example, in connection with the preparation of our consolidated financial statements for 2021 and prior years, we identified material weaknesses in our internal control over financial reporting. While those material weaknesses have been remediated as of December 31, 2023, we may again identify material weaknesses in our internal control over financial reporting in the future.

If we identify material weaknesses in our internal control over financial reporting in the future, are unable to comply with the requirements of Section 404 in a timely manner, or assert that our internal control over financial reporting is ineffective, or if our independent registered public accounting firm expresses an opinion that our internal control over financial reporting is ineffective, investors may lose confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A common stock to decline, and we could become subject to investigations by the SEC, or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Covenants in our debt agreements may restrict our borrowing capacity or operating activities and adversely affect our financial condition.

Our Revolving Credit and Security Agreement with Barclays Bank PLC (the "Concierge Facility") and our Revolving Credit and Guaranty Agreement with Barclays Bank PLC (the "Revolving Credit Facility") contain, and any future agreement relating to additional indebtedness which we may enter into may contain, various financial covenants. The Concierge Facility, which is secured by, and can be used to borrow against, eligible receivables and cash related to part of our Compass Concierge Program, and our Revolving Credit Facility, which is secured by substantially all the assets of us and our subsidiary guarantors, contains customary representations, warranties, affirmative covenants, such as financial statement reporting requirements, negative covenants, and financial covenants applicable to us and our restricted subsidiaries. The negative covenants include restrictions that, among other things, restrict our and our subsidiaries' ability to incur liens and indebtedness, make certain investments, declare dividends, dispose of, transfer or sell assets, make stock repurchases and consummate certain other matters, all subject to certain exceptions. In certain cases, we may be required to repay all of the relevant debt immediately; the occurrence of such an event may have an adverse impact on our financial condition and results of operations.

Our ability to use our net operating losses and other tax attributes may be limited.

Certain of our federal net operating losses ("NOLs") will begin to expire in 2032 and certain of our state NOLs will begin to expire in 2026. The realization of these net operating losses depends on our future taxable income and there is a risk that these NOL carryforwards could expire unused, which could materially affect our operating results. In addition, under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change," generally defined as a greater than 50% change by value in its equity ownership over a three-year period is subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes, such as research tax credits to offset future taxable income. We have not performed an analysis to determine whether our past issuances of stock and other changes in our stock ownership may have resulted in one or more ownership changes. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of our IPO or future transactions in our stock, then our ability to utilize NOLs and other pre-change tax attributes could be limited by Sections 382 and 383 of the Code. Future changes in our stock ownership could result in an ownership change under Sections 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. For these reasons, we may not be able to utilize a material portion of the NOLs, even if we were to achieve profitability.

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We rely on assumptions, estimates, and business data to calculate our key performance indicators and other business metrics, and real or perceived inaccuracies in these metrics may harm our reputation and negatively affect our business.

Certain of our performance metrics are calculated using third-party applications or internal company data that have not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring such information. In addition, our measure of certain metrics may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology and as a result our results of operations may not be comparable to our competitors.

Changes in accounting standards, subjective assumptions and estimates used by management related to complex accounting matters could have an adverse effect on our business, financial condition, and results of operations.

Generally accepted accounting principles in the U.S. ("GAAP") and related accounting pronouncements, implementation guidance, and interpretations, such as revenue recognition, lease accounting, stock-based compensation, asset impairments, valuation reserves, income taxes, and the fair value and associated useful lives of acquired long-lived assets, intangible assets, and goodwill, are highly complex and involve many subjective assumptions, estimates, and judgments made by management. Changes in these rules or their interpretations or changes in underlying assumptions, estimates, or judgments made by management could significantly change our reported results and adversely impact our business, financial condition, and results of operations.

Our platform is highly complex and our software may contain undetected errors.

Our platform is highly complex and the software and code underlying our platform is interconnected and may contain undetected errors, bugs, or vulnerabilities, some of which may only be discovered after the code or software has been released. We regularly release or update software code, which may result in more frequent introduction of errors, bugs, or vulnerabilities into the software underlying our platform, potentially impacting the agent's and their client's experience on our platform. Additionally, due to the interoperative nature of the software and the systems underlying our platform, modifications to certain parts of our code, including changes to our mobile application, website, systems, or third-party application programming interfaces on which our platform rely, could have an unintended impact on other sections of our software or system, which may result in errors, bugs, or vulnerabilities to our platform. Any errors, bugs, or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of our agents or our agents' clients, loss of revenue or liability for damages, any of which could adversely affect our growth prospects and our business, financial condition, and results of operations.

Furthermore, our development and testing processes may not detect errors, bugs, or vulnerabilities in our technology offerings prior to their implementation as they may not be identified or detected at the time of implementation. Any inefficiencies, errors, bugs, system misconfiguration, technical problems, or vulnerabilities arising in our technology offerings after their release could reduce the quality of our products, system performance, or interfere with our agents' access to and use of our technology and offerings.

Our company culture has contributed to our success, and if we cannot maintain this culture as we grow, our business could be harmed.

We believe that our company culture, which promotes innovation and entrepreneurship, has been critical to our success. We are guided by our principles, including dreaming big, moving fast, learning from reality, and being solutions-driven. However, as we grow, we may face challenges that may affect our ability to sustain our culture, including: failure to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture, values, and mission; increasing size and geographic diversity of our workforce; inability to achieve consistent adherence to our internal policies and core values; the continued challenges of a rapidly-evolving industry; the increasing need to develop expertise in new areas of business that affect us; negative perception of our treatment of employees or our response to employee sentiment related to political or social causes or actions of management; and the integration of new personnel and businesses from acquisitions.

In addition, many of our employees continue to work remotely, which may adversely affect our efficiency and morale. Certain employees may not agree with return to office initiatives and as a result may seek employment elsewhere.

In addition, we have at times undertaken workforce reductions to better align our operations with our strategic priorities, to manage our cost structure, or in connection with acquisitions. For example, in response to macroeconomic conditions impacting our industry, we took certain cost-saving measures, such as reductions of our workforce in June and September 2022 and January 2023. Although we took deliberate actions to provide impacted employees with equitable separation packages and transition services, there can be no assurance that these actions will not adversely affect employee morale,

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our culture, and our ability to attract and retain employees. If we are not able to maintain our culture, our business, financial condition and results of operations could be adversely affected.

Some of our potential losses may not be covered by insurance. We may not be able to obtain or maintain adequate insurance coverage.

We maintain insurance to cover costs and losses from certain risk exposures in the ordinary course of our operations, but our insurance does not cover all of the costs and losses from all events. We are responsible for certain retentions and deductibles that vary by policy, and we may suffer losses that exceed our insurance coverage limits by a material amount. We may also incur costs or suffer losses arising from events against which we have no insurance coverage. In addition, large-scale market trends or the occurrence of adverse events in our business may raise our cost of procuring insurance or limit the amount or type of insurance we are able to secure. We may not be able to maintain our current coverage, or obtain new coverage in the future, on commercially reasonable terms or at all. Incurring uninsured or underinsured costs or losses could have an adverse effect on our business and financial condition.

We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to data privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, and/or unfavorable publicity.

We collect, store, share, and process personal information and other employee, agent, agents' client and consumer information. There are numerous federal and state laws, as well as regulations and industry guidelines, regarding privacy and the storing, use, processing, sharing, and disclosure and protection of personal information, which are continually evolving, subject to differing interpretations, and may be inconsistent between state and federal governments and across countries or conflict with other rules. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the TCPA (as implemented by the Telemarketing Sales Rule), the CAN-SPAM Act, and similar state consumer protection laws. We seek to comply with industry standards, applicable laws, and legal obligations concerning data security protection, and are subject to the terms of our own privacy policies and privacy-related obligations to third parties. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, making enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Any failure or perceived failure by us to comply with our privacy policies, terms of service, privacy-related obligations to agents, our agents' clients or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized access to or unintended release of personally identifiable information or other agent or client data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant fines or damages. Further, these proceedings and any subsequent adverse outcomes may cause our agents and our agents' clients to lose trust in us, which could have a materially adverse effect on our reputation and business.

Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of personal information, or regarding the manner in which the express or implied consent of agents and our agents' clients for the use and disclosure of personal information is obtained, could require us to modify our platform and its features, possibly in a material manner and subject to increased compliance costs, which may limit our ability to innovate, improve and expand our platform and its features that make use of the personal information that our agents and our agents' clients voluntarily share.

Numerous states have enacted, or are in the process of enacting, state level data privacy laws and regulations aimed at creating and enhancing individual privacy rights by governing the collection, use, sharing, disclosure, selling, and retention of state residents' personal information. The continued proliferation of privacy laws in the jurisdictions in which we operate is likely to result in a disparate array of privacy rules with unaligned or conflicting provisions, accountability requirements, individual rights, and enforcement powers, which may require us to further modify our data processing practices and policies, and may subject us to increased regulatory scrutiny and business costs, and lead to unintended confusion among our agents' and our agent's clients.

Our agents operate as independent contractors and are responsible for their own data privacy compliance. We provide training and our platform provides tools and security controls to assist our agents with their data privacy compliance to the extent they store relevant data on our platform. However, if an agent on our platform were to be subject to a claim for breach of data privacy laws, we could be found liable for their claims due to our relationship, which may require us to take more costly data security and compliance measures or to develop more complex systems.

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We utilize a number of third-party service providers to deliver web and mobile content and any disruption or delays in service from these third-party providers could adversely impact the delivery of our platform.

Our brand, reputation and ability to attract customers and real estate partners and deliver quality products and services depend on the reliable performance of our network infrastructure and content delivery processes. To deliver mobile app and web content, we utilize a number of third-party service providers to support essential functions of our business, including Amazon Web Services, who we primarily rely on to host our cloud computing and storage needs. We do not own, control, or operate our cloud computing physical infrastructure or their data center providers. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, system vulnerabilities, earthquakes and similar events at the sites of such providers. The occurrence of any of the foregoing events could result in damage to systems and hardware or could cause them to fail completely, and our insurance may not cover such events or may be insufficient to compensate us for losses that may occur.

A failure of our third-party cloud service providers systems could result in reduced capabilities or a total failure of our systems, which could cause our mobile app or website to be inaccessible, impairing our agents' ability to use our platform. Their failure to perform as expected or as required by contract could result in significant disruptions and costs to our operations. In light of our reliance on Amazon Web Services and other third-party cloud service providers, coupled with the complexity of obtaining replacement services, any disruption or interference with our use of these third-party services could adversely impact our operations and business.

We do not carry business interruption insurance sufficient to compensate us for the potentially significant losses, which may result from interruptions in our service as a result of system failures. Any errors, defects, disruptions or other performance problems with our services could harm our business, financial condition and results of operations.

Investors' expectations of our performance relating to environmental, social, and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social, and governance ("ESG") factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance. The criteria by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies.

Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, employees and other stakeholders or our initiatives are not executed as planned, our reputation and financial results could be materially and adversely affected.

Natural disasters and catastrophic events may disrupt real estate markets and could adversely affect our business, financial condition and results of operations.

Natural disasters or other catastrophic events, such as fires, hurricanes, earthquakes, windstorms, tornados, floods, power loss, telecommunications failure, cyber-attacks, war, civil unrest, terrorist attacks, or pandemics or epidemics may cause damage or disruption to our operations, real estate commerce, and the global economy, and thus, could adversely affect our business, financial condition and results of operations. In particular, the COVID-19 pandemic and the reactions of governments, markets, and the general public to the COVID-19 pandemic, caused a number of consequences for our business and results of operations. Additionally, properties located in the markets in which we operate, including New York, Northern California, Southern California and South Florida, are more susceptible to certain natural hazards (such as fires, hurricanes, earthquakes, floods, or hail) than properties in other parts of the country. A natural disaster or other catastrophic event in any of these cities could disrupt our operations and have a negative impact on our business. As we grow our business, the need for business continuity planning and disaster recovery plans will increase in significance. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster,

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and successfully execute on those plans in the event of a disaster or emergency, our business could be adversely affected and our reputation could be harmed.

Risks Related to Our Legal and Regulatory Environment

We are periodically subject to claims, lawsuits, government investigations, and other proceedings that may adversely affect our business, financial condition, and results of operations.

We may be subject to claims, lawsuits, arbitration proceedings, government investigations, and other legal and regulatory proceedings in the ordinary course of business, including those involving labor and employment, anti-discrimination, commercial disputes, competition, professional liability, consumer complaints, personal injury, wrongful death, intellectual property disputes, compliance with regulatory requirements, antitrust and anti-competition claims (including claims related to NAR or MLS rules regarding buyer-broker commissions), securities laws, and other matters, and we may become subject to additional types of claims, lawsuits, government investigations and legal or regulatory proceedings if the regulatory landscape changes or as our business grows and as we deploy new offerings, including proceedings related to our acquisitions, integrated services business lines, securities issuances or business practices. We may also be subject to disputes between us and our employees and agents, which are primarily governed by mandatory arbitration provisions, and become involved in disputes between agents where we are not a proper party.

The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us or investigations involving us, whether meritorious or not, could be time-consuming, result in significant defense and compliance costs, be harmful to our reputation, require significant management attention and divert significant resources. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition, and results of operations, or could cause harm to our reputation and brand, sanctions, consent decrees, injunctions or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition and results of operations. Furthermore, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors, officers and employees.

In addition, litigation, claims, and regulatory proceedings against companies unrelated to us in the residential real estate or technology industry, or in other industries, may impact us when the rulings in those cases cover practices common to the broader industry. Examples may include claims associated with RESPA compliance, broker fiduciary duties, and sales agent classification. To the extent these claims against unrelated companies are successful and we or our agents cannot distinguish our or their practices (or our industry's practices), we could face significant liability and could be required to modify certain business practices or relationships, either of which could materially and adversely impact our business, financial condition, and results of operations.

We classify our agents as independent contractors, and if federal or state law mandates that they be classified as employees, our business, financial condition, and results of operations would be adversely impacted.

We engage independent contractors, including agents, that are subject to federal regulations and applicable state laws and guidelines regarding independent contractor classifications. These regulations, laws and guidelines are subject to judicial and agency interpretation. Moreover, such regulations, laws, guidelines and interpretations continue to evolve. Federal and other state governments have introduced and may continue to introduce proposed changes to existing classification laws. If our business is found to have misclassified employees as independent contractors, we could face penalties and have additional exposure under laws regarding employee classification, federal and state tax, workers' compensation, unemployment benefits, compensation, overtime, minimum wage, meal and rest periods, and discrimination laws. Further, if legal standards for classification of our agents as independent contractors change or appear to be changing, it may be necessary to modify the compensation structure for our agents, including by paying additional compensation and benefits or reimbursing expenses. We face claims from time to time alleging misclassification of status and it could be determined that the independent contractor classification is inapplicable to some or any of our agents. We could also incur substantial costs, penalties and damages due to any such future challenges by current or former professionals to our classification or compensation practices, including with respect to their status as exempt or non-exempt employees. Any of these outcomes could result in substantial costs to us, significantly impair our financial condition and our ability to conduct our business as currently contemplated, damage our reputation, and impair our ability to attract agents.

In addition, we work with international staffing organizations that hire contractors in various jurisdictions who are subject to various local laws, including labor and employment laws, that differ from those in the United States. We may be subject

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to claims as a result of the staffing agencies' practices, which are outside our control or direction. We may also be subject to claims that these contractors are employees of Compass, subjecting us to corporate tax and other liabilities.

We are subject to a variety of federal and state laws, many of which are unsettled and still developing, and certain of our businesses are highly regulated. Any failure to comply with such regulations or any changes in such regulations could adversely affect our business.

Our real estate brokerage business, our title and escrow business, our mortgage joint venture, OriginPoint, and the businesses of our agents must comply with a variety of local, state, and federal laws, such as RESPA, the Fair Housing Act, the Dodd-Frank Act, the Exchange Act, GLBA, and federal advertising and other laws, as well as some comparable state statutes and rules of trade organizations such as NAR and local MLSs.

RESPA and comparable state statutes prohibit providing or receiving payments, or other things of value, for the referral of business to settlement service providers in connection with the closing of certain real estate transactions. Such laws may to some extent impose limitations on arrangements involving our real estate brokerage, escrow services, title agency and mortgage origination services. RESPA compliance may become a greater challenge under certain administrations for most industry participants offering title and escrow services and mortgage origination services, including brokerages, because of expansive interpretations of RESPA or similar state statutes by certain courts and regulators. Permissible activities under state statutes similar to RESPA may be interpreted more narrowly and enforcement proceedings of those statutes by state regulatory authorities may also be aggressively pursued. RESPA also has been invoked by plaintiffs in private litigation for various purposes and some state authorities have also asserted enforcement rights.

In addition, our title agency services business is also subject to regulation by insurance and other regulatory authorities in each state in which we provide title insurance. We are also, to a lesser extent, subject to various other rules and regulations such as "controlled business" statutes and similar laws or regulations that would limit or restrict transactions among affiliates in a manner that would limit or restrict collaboration among our businesses.

For certain licenses, we are required to designate a broker of record as qualified individuals and/or persons who control and supervise the operations of applicable licensed entities. Certain licensed entities also are subject to routine examination and monitoring by state licensing authorities. We cannot provide assurances that we, or our licensed personnel, are and will remain at all times, in full compliance with state and federal real estate, title insurance and escrow, and consumer protection laws and regulations, and we may be subject to litigation, government investigations and enforcement actions, fines or other penalties in the event of any non-compliance.

As a result of findings from examinations, we also may be required to take a number of corrective actions, including modifying business practices and making refunds of fees or money earned. In addition, adverse findings in one jurisdiction may be relied on by another state to conduct investigations and impose remedies. If we apply for new licenses, we will become subject to additional licensing requirements, which we may not be in compliance with at all times. If in the future a state agency were to determine that we are required to obtain additional licenses in that state in order to operate our business, or if we lose or do not renew an existing license or are otherwise found to be in violation of a law or regulation, we may be subject to fines or legal penalties, lawsuits, enforcement actions, void contracts or our business operations in that state may be suspended or prohibited. Our business reputation with consumers and third parties also could be damaged.

Certain of our businesses may also be subject to the GLBA, which governs how personal information collected in the context of financial services can be used and shared across our businesses and how that information must be protected. The GLBA's requirements include certain disclosures related to collection of information and sharing practices and implementation of a cybersecurity program that adequately protects the collected information.

Compliance with, and monitoring of, the foregoing laws and regulations is complicated and costly and may inhibit our ability to innovate or grow. Our failure to comply with any of these laws and regulations may subject us to fines, penalties, injunctions and/or potential criminal violations. Any changes to these laws or regulations or any new laws or regulations may make it more difficult for us to operate our business and may have a material adverse effect on our operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition, and results of operations.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, U.S. domestic bribery laws, and other anti-corruption and anti-money laundering laws in the countries in which we conduct business. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third-party intermediaries from authorizing, offering, or providing, directly or

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indirectly, improper payments or benefits to recipients in the public or private sector. If we engage in international sales and business with partners and third-party intermediaries to market our products, we may be required to obtain additional permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. If we engage in international sales and business with the public sector, we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, agents, representatives, contractors, and partners, even if we do not explicitly authorize such activities.

While we have policies and procedures to address compliance with such laws, there is a risk that our employees and agents will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. If we further expand internationally, our risks under these laws may increase. Any such noncompliance with anti-corruption, anti-bribery, or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, and adversely affect our business, financial condition, and results of operations.

We may be subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

If we expand our brokerage business to international markets, our platform may become subject to U.S. export controls, including the U.S. Export Administration Regulations. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, our activities are subject to U.S. economic sanctions laws and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control that prohibit the sale or supply of most products and services to embargoed jurisdictions or sanctioned parties. Violations of U.S. sanctions or export control regulations can result in significant fines or penalties and possible incarceration for responsible agents, employees and managers.

Also, various countries, in addition to the U.S., regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to operate our platform in those countries. Changes in our platform or future changes in export and import regulations may impede the introduction of our platform in international markets, prevent our agents with international clients from using our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether, and may adversely affect our business, financial condition, and results of operations.

Internet law is evolving, and unfavorable changes to, or failure by us to comply with, these laws and regulations could adversely affect our business, financial condition, and results of operations.

We are subject to regulations and laws specifically governing the Internet. The scope and interpretation of the laws that are or may be applicable to our business are often uncertain, subject to change and may be conflicting. If we incur costs or liability as a result of unfavorable changes to these regulations or laws or our failure to comply therewith, the business, financial condition and results of operations of our business could be adversely affected. Any costs incurred to prevent or mitigate this potential liability could also harm our business, financial condition, and results of operations.

Risks Related to Our Intellectual Property

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand.

Our trade secrets, trademarks, copyrights and other intellectual property rights are important assets, and litigation to defend intellectual property can be expensive and lengthy. Various factors may pose a threat to our intellectual property rights, as well as to our platform and technology offerings. For example, we may fail to obtain effective intellectual property protection or effective intellectual property protection may not be available in every country in which our products and services are available. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective; and our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect our proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business or that unauthorized parties may attempt to copy aspects of our technology and use information that we consider proprietary.

In addition to registered intellectual property rights such as trademark registrations, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information, know-how, and technical information. To protect our proprietary information and technology, we rely in part on agreements with our employees, investors,

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independent contractors, vendors and other third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may be breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. To the extent that our employees, independent contractors, vendors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, financial condition, results of operations and competitive position.

We may pursue registration of trademarks and domain names in the U.S. and in certain jurisdictions outside of the U.S. Effective protection of trademarks and domain names is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. We may be required to protect our rights in an increasing number of countries, a process that is expensive and may not be successful or which we may not pursue in every country in which our products and services are distributed or made available. Foreign countries have different laws and regulations regarding protection of intellectual property, and the protection available in other jurisdictions may not be as effective as that provided in the U.S.

We may be unable to obtain trademark protection for our platform, technology offerings and brands, and our existing trademark registrations and applications, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our platform and technology offerings from those of our competitors. In addition, our trademarks may be contested, circumvented, or found to be unenforceable, weak or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them. To counter infringement or unauthorized use of our trademarks, we may deem it necessary to file infringement claims, which can be expensive and time consuming. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. An adverse outcome in such litigation or proceedings may expose us to a loss of our competitive position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all.

Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the U.S. and abroad may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of the proprietary rights of others. Efforts to enforce or protect proprietary rights may be ineffective and could result in substantial costs and diversion of resources, which could harm our business and results of operations.

Our platform, its features, and technology offerings may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from providing our products and services.

We cannot guarantee that our internally developed or acquired systems, technologies and content do not and will not infringe the intellectual property rights of others. In addition, we rely on products, content, software, technology, and other intellectual property that we license from third parties for use in our platform, its features, and technology offerings. These third parties may be subject to infringement claims, the results of which could severely limit our ability to develop our services containing their intellectual property and our business could be disrupted or otherwise harmed. We cannot guarantee that these licenses will continue to be available to us on commercially reasonable terms, if at all, and we may be subject to claims of infringement or misappropriation if we have failed to obtain appropriate intellectual property licenses from such parties, or such parties do not possess the necessary intellectual property rights to the products or services they license to our business. If we are unable to obtain necessary licenses from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards and/or may be prohibited by contract from developing competing products. We have been, and may be, subject to claims that we have infringed the copyrights, trademarks, or other intellectual property rights of a third party. Any intellectual property-related infringement or misappropriation claims, whether or not meritorious, could result in costly litigation and divert management resources and attention. Should we be found liable for infringement or misappropriation, we may be required to redesign some of our systems and technologies, enter into licensing agreements, pay substantial damages, limit or curtail our offerings and technologies, or take other action, which could harm our business and results of operations. Any of the foregoing could prevent us from competing effectively and could expose our business to significant liabilities.

Some of our products and services contain open source software, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative effect on our business.

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We use open source software in our products and services and anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of certain open source licenses to which our business is subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties alleging ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license, or cease offering the products or services unless and until we can re-engineer such source code in a manner that avoids infringement. This re-engineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and results of operations.

Risks Related to Ownership of Our Class A Common Stock

The multi-class structure of our common stock has the effect of concentrating voting power with Robert Reffkin, our founder, Chairman, and Chief Executive Officer, and his financial planning vehicles and affiliated trusts.

As of December 31, 2023, Robert Reffkin, our founder, Chairman, and Chief Executive Officer, together with his financial planning vehicles and affiliated trusts (for purposes of this risk factor discussion, "Mr. Reffkin") (and including his shares of Class A common stock subject to outstanding RSUs for which the service condition has been satisfied or would be satisfied within 60 days of December 31, 2023), held 8,928,686 shares of Class A common stock and all of the issued and outstanding shares of Class C common stock.

As of December 31, 2023, Mr. Reffkin held approximately 46.5% of the voting power of our outstanding capital stock. As a result, Mr. Reffkin is able to determine and may significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our restated certificate of incorporation and amended and restated bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. This concentrated control may have the effect of delaying, preventing, or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company, and might ultimately affect the market price of our Class A common stock.

Future transfers by the holders of Class C common stock will generally result in those shares automatically converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or other transfers by Mr. Reffkin. In addition, each share of Class C common stock will convert automatically into one share of Class A common stock upon certain conditions. However, until one of those certain triggering events occurs, voting power will be concentrated with Mr. Reffkin.

We cannot predict the effect our multi-class structure may have on the market price of our Class A common stock.

We cannot predict whether our multi-class structure will result in a lower or more volatile market price of our Class A common stock, adverse publicity, or other adverse consequences. Pursuant to our restated certificate of incorporation, each share of our Class C common stock will convert into one share of our Class A common stock two days prior to the date specified in writing upon which our shares of capital stock will be included on the S&P 500 index following written notice and confirmation from Standard & Poor's of such specified date and inclusion. Under certain index providers' announced policies that restrict the inclusion of companies with multi-class share structures in certain of their indices, the multi-class structure of our common stock would make us ineligible for inclusion in certain indices and may discourage such indices from selecting us for inclusion, notwithstanding this automatic termination provision. As a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to track those indices would not invest in our Class A common stock. It is unclear what effect, if any, these policies will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

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The trading price of the shares of our Class A common stock is likely to be volatile.

Technology and real estate stocks historically have experienced high levels of volatility. Accordingly, the trading price of our Class A common stock may fluctuate substantially, due to factors including: loss of investor confidence in, or significant volatility in the market price and trading volume of, technology companies in general and of companies in the real estate technology industry in particular; changes in mortgage interest rates; variations in the housing market, including seasonal trends and fluctuations; announcements of new solutions, commercial relationships, acquisitions, or other events by us or our competitors; price and volume fluctuations in the overall stock market; changes in how agents perceive the benefits of our platform and future offerings; the public's reaction to our press releases, other public announcements, and filings with the SEC, or those of other companies in the industries in which we compete; fluctuations in the trading volume of our shares or the size of our public float; sales of large blocks of our common stock; sales, or the anticipated sale, of a substantial amount of our Class A common stock, particularly sales by our directors, executive officers, or principal stockholders; fluctuations in our results of operations or financial projections; changes in actual or future expectations of investors or securities analysts; litigation involving us, our industry, or both; governmental or regulatory actions or audits; regulatory developments applicable to our business; real estate market conditions; general economic conditions and trends; major catastrophic events; and departures of key employees.

In addition, if the market for technology or real estate stocks, or the stock market, in general, experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, financial condition or results of operations. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in the real estate or technology industries even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company.

If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock may, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares, change their opinion of our business prospects, or publish inaccurate or unfavorable research about our business, our share price may decline. If one or more of these analysts who cover us ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We may need to raise additional capital to continue to grow our business and we may not be able to raise additional capital on terms acceptable to us, or at all.

Growing and operating our business, including by continuously innovating, improving, and expanding our platform, expanding our integrated services and expanding into new markets, may require significant cash outlays, liquidity reserves, and capital expenditures. If cash on hand, cash generated from operations, and cash equivalents and investment balances are not sufficient to meet our cash and liquidity needs, we may need to seek additional capital and we may not be able to raise the necessary cash on terms acceptable to us, or at all. Financing arrangements we pursue or assume may require us to grant certain rights, take certain actions, or agree to certain restrictions that could negatively impact our business. If additional capital is not available to us on terms acceptable to us or at all, we may need to modify our business plans, which would harm our ability to grow our operations.

Provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may limit attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a merger, acquisition, or other change in control of our company that the stockholders may consider favorable, including provisions that: classify the board of directors into three classes with staggered three-year terms; permit the board of directors to establish the number of directors and to fill any vacancies and newly-created directorships; require super-majority voting to amend some provisions in our charter documents; authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan; allow only our chief executive officer, chairperson of our board of directors, or a majority of our board of directors are authorized to call a special meeting of stockholders; prohibit cumulative voting; permit the removal of directors only "for cause" and only with the approval of the holders of at least two-thirds of the voting power of the then outstanding capital stock; prohibit stockholder action by written consent, requiring all stockholder actions to be taken at a meeting of our stockholders; expressly authorize the

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board of directors to make, alter, or repeal our bylaws; and establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management. Moreover, Section 203 of the Delaware General Corporation Law ("DGCL") may discourage, delay, or prevent a change in control of our company by imposing certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our restated certificate of incorporation and amended and restated bylaws contain exclusive forum provisions for certain claims, which may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation, or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine.

In addition, our restated certificate of incorporation provides that the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or Federal Forum Provision. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court, to the fullest extent permitted by law. However, there can be no assurance that federal or state courts will find the choice of forum provision contained in our restated certificate of incorporation or restated bylaws to be applicable or enforceable in every case.

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future.

We have never declared or paid any dividends on our Class A common stock. We currently intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors, and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Overview of Cybersecurity Risk Management Program

Cybersecurity is an ongoing priority, and we remain focused on our obligation to assess, identify and manage risks from cybersecurity threats and cybersecurity incidents. We have developed and implemented a cybersecurity risk management program that employs a multitude of measures and processes that aid in these efforts. This program is designed to protect our information systems, detect cybersecurity threats and ensure our compliance with applicable privacy and cybersecurity laws.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program and is considered an integral part of our overall risk assessment process. For example, we report, review and consider results and findings from external and internal security and privacy assessments as part of our overall risk assessment process, and we analyze how cybersecurity risks interplay with operational, financial, compliance and reputational risks.

As part of our cybersecurity risk management program, we undertake various activities, including, but not limited to, detective, preventative, and automated controls; user access controls; a centralized security information and management system; periodic assessments, including penetration testing; periodic trainings and simulations; and policies for the handling of personally identifiable information. We closely monitor the privacy and cybersecurity laws and regulations and conduct related reviews of our policies. We have implemented incident response plans providing for response, containment, reporting and disclosure and recovery, including providing training and remediation steps for internal threats. We also carry customary cybersecurity risk insurance.

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In addition, we use third party service providers, when appropriate, to assess, test or otherwise assist with certain aspects of our cybersecurity risk management program. For example, we leverage external assessors such as security researchers and penetration testers to identify vulnerabilities in our information systems.

Further, our cybersecurity risk management program includes processes that address cybersecurity risks associated with our use of third-party services providers that have access to our information systems and/or employee, agent or agent client confidential information. For example, we perform certain due diligence before engaging third-party service providers and consider potential cybersecurity risks and exposures in our choice among providers. We also generally require our third-party service providers that could potentially introduce cybersecurity risks to our information systems or sensitive consumer personal information to contractually agree to maintain a cybersecurity risk management program aimed at mitigating those risks and be subject to external cybersecurity audits.

Cybersecurity Risk Management Program Assessments and Risks Associated With Cybersecurity Threats

While we have assessed our cybersecurity risk management program periodically in the past, in the second half of 2023, we started to utilize a leading industry cybersecurity framework in our assessments. Specifically, we use this framework to assess our cybersecurity controls against industry best practices in the areas of: identify and protect assets, detect and respond to suspicious activity, as well as recover from cybersecurity incidents. Based on the results of our initial assessment, we have developed a multi-year plan that allows us to focus on the highest priorities. Under the plan, we are required to make additional investments to enhance our processes and practices over a period of time.

Additionally, as part of our continuous overall cybersecurity posture assessment, we conduct incident simulations based on recent public cybersecurity incidents, incorporating the tactics, techniques and procedures threat actors have used when targeting organizations. We leverage results from these simulations to take corrective action or otherwise augment our abilities to defend and protect our information systems.

While we have been subject to a number of cybersecurity threats and experienced non-material incidents in the past, they have not had a material adverse effect on our business, financial condition or results of operations. Our third party services providers have been also subject to a number of cybersecurity threats and incidents but to date, none of those threats and incidents have had a materially adverse effect on our business, financial condition or results of operations.

Cybersecurity Governance

Our Information Security team oversees our cybersecurity risk management program, which is described in more detail above. In conjunction with the Company's in-house legal team, this team is principally responsible for managing our cybersecurity risk assessment processes, our security controls, and our response to cybersecurity threats and incidents. Our Information Security team is segmented into six subteams and includes a dedicated Governance, Risk and Compliance subteam that is responsible for risk assessment, risk mitigation strategies, regulatory compliance, audits, internal governance and policy enforcement.

We have also established a Security and Privacy Committee ("Committee"), co-chaired by our Senior Vice President, Head of Engineering and General Counsel, that meets monthly. This Committee is responsible for setting cybersecurity policies, strategies, and priorities, as well as ensuring that cybersecurity initiatives are aligned with the Company's objectives. Members of the Committee may, from time to time, include representatives from security and compliance, internal audit, legal, product, engineering, finance, operations, strategy and people and culture functions. In addition to the monthly communications at the Committee level, our Information Security team collaborates with senior leadership across our organization on a regular basis as part of the Company's overall enterprise risk management program.

Our Chief Information Security Officer ("CISO") recently left the Company and we are in the process of recruiting a new, permanent CISO. We have engaged a temporary third-party CISO (sometimes referred to as a "Virtual CISO") to oversee the cybersecurity risk management program and assist the Information Security team. Our Virtual CISO has over 20 years of experience working in the Information Security field, and is a Certified Information Systems Security Professional. Specifically, she has experience managing and administering enterprise infrastructure, network communications, and information security. Our Virtual CISO receives regular reports from the Information Security team and will provide advice to the team with incident responses, execute any remediation plans, assist with drafting policy, and perform industry standard simulations and security assessments. The Virtual CISO reports to our Senior Vice President and Head of Engineering.

Our Virtual CISO will report quarterly to the Audit Committee of the Board of Directors ("the "Audit Committee"), which is responsible for overseeing the Company's cybersecurity risk management program and cybersecurity risks. As part of

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that report, our Virtual CISO is expected to cover topics such as (i) an overview of our overall cybersecurity strategy and posture, (ii) results and recommendations from cybersecurity risk assessments and audits, (iii) vulnerabilities in our information systems, (iv) progress towards pre-determined risk-mitigation goals, (v) identified and potential cybersecurity risks and threats, (vi) cybersecurity incidents of certain impact in accordance with the Company's cybersecurity policies, and (vii) programs related to mitigation of cybersecurity risks and potential threats, among other things. The Audit Committee reports to the full Board of Directors regarding its activities, including reports that it receives from our CISO.

Once hired, we expect our permanent CISO to continue strengthening our information security posture, assist with incident response and any remediation plans, and provide quarterly reports to the Audit Committee, as we transition from using a Virtual CISO.

Item 2. Properties.

We are headquartered in New York, New York, where we occupy approximately 32,500 square feet of office space pursuant to a lease that is expected to expire in June 2030 subject to the terms thereof. We also lease operating and sales offices throughout the United States.

Item 3. Legal Proceedings.

The information relating to legal proceedings contained in Note 11 to the consolidated financial statements included in Part II, Item 8 of this Annual Report is incorporated herein by this reference.

Item 4. Mine Safety Disclosures.

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

Our common stock has traded on the New York Stock Exchange under the symbol "COMP" since April 1, 2021. Prior to that, there was no public market for our common stock.

Stockholders

As of February 23, 2024, there were 208 holders of record of our common stock. The actual number of stockholders is greater than this number of holders of record, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

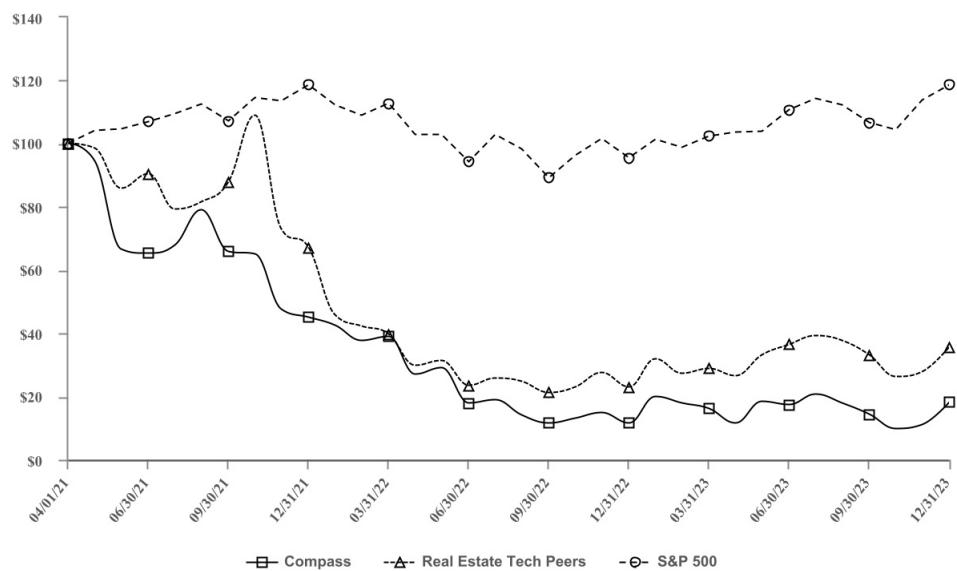
See the section titled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" included in Part III, Item 12 of this Annual Report for information regarding securities authorized for issuance.

Stock Performance Graph

The stock performance graph set forth below shall not be deemed "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under, or to the liabilities of Section 18 of, the Exchange Act and will not be deemed to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing.

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The following graph compares the performance of our common stock to the Standard & Poor's ("S&P") 500 Index and Peer Group Index by assuming \$100 was invested in each investment option as of April 1, 2021, which represents the day our common stock began trading on the NYSE.



Year	4/1/21	12/31/21	12/31/22	12/31/23
COMP	\$ 100	\$ 45.11	\$ 11.56	\$ 18.66
S&P 500 Index ⁽¹⁾	\$ 100	\$ 118.57	\$ 95.51	\$ 118.66
Peer Group Index ⁽²⁾	\$ 100	\$ 67.17	\$ 23.05	\$ 35.64

(1) S&P 500 Index is a capitalization-weighted index of domestic equities of the largest companies traded on the NYSE and NASDAQ.

(2) Peer Group Index consists of Zillow Group, Inc. (ZG), Redfin Corp (RDFN), Opendoor Technologies Inc. (OPEN), EXP World Holdings, Inc. (EXPI) and Anywhere Real Estate Inc. (HOUS).

Sales of Unregistered Securities

From October 1, 2023 through December 31, 2023, we offered, sold and issued the following unregistered securities:

(1) as previously disclosed in Form 4s filed with the SEC, Robert Reffkin, our founder and Chief Executive Officer, exchanged an aggregate of 240,592 shares of Class A common stock for an equivalent number of shares of Class C common stock pursuant to an Equity Exchange Right Agreement on October 3, 2023, November 3, 2023, and December 5, 2023;

(2) as discussed in more detail in Note 3 to our consolidated financial statements included elsewhere in this Annual Report and disclosed in a Form D filed with the SEC, 2,231,941 shares of Class A common stock were issued on October 6, 2023 in connection with an acquisition, in the amount of \$6.5 million; and

(3) as previously disclosed in Form D filed with the SEC, an aggregate of 289,509 shares of Class A common stock were issued on October 16, 2023 in connection with an earnout payment related to a prior acquisition, in the amount of \$0.8 million.

The offer, sale and issuance of the securities described above were exempt from registration under the Securities Act in reliance upon Section 3(a)(9) and Section 4(a)(2) of the Securities Act (or Regulation D promulgated thereunder) as transactions by an issuer not involving any public offering. The recipients of the securities in each of these transactions

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represented their intentions to acquire the securities for investment only and not with the view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

Issuer Purchases of Equity Securities

None.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause or contribute to these differences include, but are not limited to, those discussed in the section entitled "Note Regarding Forward—Looking Statements". You should review the disclosure under the section entitled "Risk Factors" in this Annual Report for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

OVERVIEW

Management's discussion and analysis of financial condition and results of operations, or MD&A, is provided as a supplement to the consolidated financial statements and notes thereto included elsewhere in this Annual Report and is intended to provide an understanding of our results of operations, financial condition and changes in our results of operations and financial condition. Our MD&A is organized as follows:

- *Introduction.* This section provides a general description of our company and its business, recent developments affecting our company, operational highlights and discussions of how seasonal factors and macroeconomic conditions may impact our results.
- *Results of Operations.* This section provides our analysis and outlook for the significant line items on our statements of operations, as well as other information that we deem meaningful to understand our results of operations on a consolidated basis for the year ended December 31, 2023 compared to the year ended December 31, 2022. An analysis of the significant line items on our statements of operations, as well as other information that we deem meaningful to understand our results of operations on a consolidated basis for the year ended December 31, 2022 compared to the year ended December 31, 2021 is included in our Form 10-K for the year ended December 31, 2022.
- *Key Business Metrics and Non-GAAP Financial Measures.* This section provides a discussion of key business metrics and non-GAAP financial measures we use to evaluate our business and measure our performance, in addition to the measures presented in our consolidated financial statements.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and cash flows, as well as a discussion of our commitments that existed as of December 31, 2023.
- *Critical Accounting Estimates and Policies.* This section discusses those accounting policies that are considered important to the evaluation and reporting of our financial condition and results of operations, and whose application requires us to exercise subjective and often complex judgments in making estimates and assumptions.
- *Recent Accounting Pronouncements.* This section provides a summary of the most recent authoritative accounting standards and guidance that have either been recently adopted by our company or may be adopted in the future.

INTRODUCTION

We provide an end-to-end platform that empowers our residential real estate agents to deliver exceptional service to seller and buyer clients. Our platform includes an integrated suite of cloud-based software for customer relationship management, marketing, client service, brokerage services and other critical functionalities, all custom-built for the real estate industry. Our platform also uses proprietary data, analytics, AI, and machine learning to simplify workflows of agents and deliver high-value recommendations and outcomes for both agents and their clients. Additionally, we provide integrated services,

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such as title and escrow and mortgage, both of which are available on our platform. Compass agents utilize the platform to grow their businesses, save time and manage their businesses more effectively.

Our business model is directly aligned with the success of our agents. We attract agents to our brokerage and partner with them as independent contractors that affiliate their real estate licenses with us, operating their businesses on our platform and under our brand. We currently generate substantially all of our revenue from commissions paid to us by our agents' clients at the time that a home is transacted on our platform. While integrated services comprise a small portion of our revenue to date, we believe we are well-positioned to capture meaningful revenue from integrated services as we continue to diversify our offerings within the real estate ecosystem.

Recent Developments

Throughout 2023 and 2022, a number of macroeconomic conditions continued to contribute to the slowdown in the U.S. residential real estate market, impacting our business and financial results during the years ended December 31, 2023 and 2022, as described in more detail in the section entitled “—Results of Operations”. These conditions include, but are not limited to, the conflict in Ukraine, volatility in the U.S. equity markets, rising inflation, rapidly rising mortgage interest rates and the Federal Reserve Board increasing the federal funds rate by an aggregate of 5.25% through January 2024. These conditions have contributed toward slowed consumer demand and declining home affordability and began to have an impact on price appreciation. Any further slowdown or additional challenging conditions in the U.S. residential real estate market could have a significant impact on our business and financial results in 2024 and beyond. While we continue to assess the effects of the current slowdown on our business and financial results, the ultimate impact will depend on future developments, which are highly uncertain and difficult to predict, as well as the actions that we have taken, or will take, to minimize any current and future impact.

Update Related to Restructuring Activities

During the year ended December 31, 2022, we enacted certain workforce reductions, wound down Modus Technologies, Inc. (“Modus”) and terminated certain of our operating leases. The workforce reductions were part of a broader plan to take meaningful actions to improve the alignment between our organizational structure and our long-term business strategy, drive cost efficiencies enabled by our technology and other competitive advantages and continue to drive toward profitability and positive free cash flow. In addition to the workforce reductions, restructuring actions have included and are expected to include, but not be limited to, a reduction in U.S. hiring and backfills resulting from attrition; a reduction in spend through third-party vendors; eliminating the use of incentives when recruiting new agents and reducing incentives for existing agents; a planned slow down in new market expansion; and a review of occupancy costs with a view to consolidating offices and reducing related costs.

As a result of restructuring actions taken during the year ended December 31, 2022, we incurred restructuring costs of \$49.1 million, resulting from severance and other termination benefits for employees whose roles were eliminated, lease terminations costs as a result of the accelerated amortization of various right-of-use assets and other restructuring costs, including those costs related to the wind-down of Modus. These costs have been presented within the Restructuring costs line in the consolidated statements of operations. We incurred additional non-cash charges of approximately \$7.1 million during the year ended December 31, 2022 associated with the discontinued use of certain intangible assets associated with Modus and charges pertaining to the write-down of fixed assets for certain real estate leases that have been exited, or partially exited. These costs have been included within the Depreciation and amortization line in the consolidated statements of operations.

During the year ended December 31, 2023, we implemented a further workforce reduction and took actions to reduce our occupancy costs, the most significant being the scaling down of our New York administrative office. During the year ended December 31, 2023, we incurred restructuring costs of \$30.4 million in connection with these actions. These costs are a result of severance and other termination benefits for employees whose roles were eliminated and lease termination costs as a result of the accelerated amortization of various right-of-use assets and other lease-related costs. These expenses have been presented within the Restructuring costs line in the consolidated statements of operations. We incurred additional non-cash charges of approximately \$5.3 million during the year ended December 31, 2023 associated with the write-down of fixed assets for certain real estate leases that have been exited, or partially exited. These costs have been included within the Depreciation and amortization line in the consolidated statements of operations.

Operational Highlights for the year ended December 31, 2023

We continue to attract and retain the most talented agents to our platform, which is critical to our long-term success. We grow our revenue by attracting high-performing agents looking to grow their business and increasing the productivity of our agents. While we are not investing in technology at the same rate as in the past, we continue to invest in our proprietary, integrated platform designed for real estate agents, to enable them to grow their business and save them time and money. This value proposition allows us to recruit more agents, help them grow their business and retain them on our platform at industry leading retention rates.

We had over 29,000 agents on our platform as of December 31, 2023. A subset of our agents are considered principal agents, which we define as either agents who are leaders of their respective agent teams or individual agents operating independently on our platform.

For the years ended December 31, 2023, 2022 and 2021, the Average Number of Principal Agents ^{1,2} was 13,973, 13,296 and 11,180, respectively. The principal agent additions came in both new and existing markets.

During the years ended December 31, 2023, 2022 and 2021, our agents closed 178,848, 211,538 and 225,272 Total Transactions ¹, respectively. The decline was primarily driven by the macroeconomic conditions that contributed to the slowdown in the U.S. residential real estate market. See the section entitled “—Recent Developments” for more details surrounding these macroeconomic conditions.

Our Gross Transaction Value¹ for the years ended December 31, 2023, 2022 and 2021 was \$186.1 billion, \$230.3 billion and \$254.2 billion, respectively. Gross Transaction Value is primarily driven by home values in the markets we serve and by changes in the number of our agents in those markets, as well as seasonality and the aforementioned macroeconomic conditions.

For the year ended December 31, 2023, our Gross Transaction Value represented 4.5% of residential real estate transacted in the United States, compared to 4.6% for the year ended December 31, 2022. We calculate our market share by dividing our Gross Transaction Value, or the total dollar value of transactions closed by agents on our platform, by two times (to account for the sell-side and buy-side of each transaction) the aggregate dollar value of U.S. existing home sales as reported by NAR. Gross Transaction Value includes a de minimis number of new development and commercial brokerage transactions.

Seasonality and Cyclical

The residential real estate market is seasonal, which directly impacts our agents' businesses. While individual markets may vary, transaction volume is typically highest in spring and summer, and then declines gradually in late fall and winter. We experience the most significant financial effect from this seasonality in the first and fourth quarters of each year, when our revenue is typically lower relative to the second and third quarters. The effect of this seasonality on our revenue has a larger effect on our results of operations as many of our operating expenses (excluding commissions) are somewhat fixed in nature and do not vary directly in line with our revenue. We believe that this seasonality has affected and will continue to affect our quarterly results.

The broader residential real estate industry is cyclical, and individual markets can have their own dynamics that diverge from broad market conditions. The real estate industry can be impacted by the strength or weakness of the economy, changes in interest rates or mortgage lending standards, or extreme economic or political conditions. Our revenue growth rate tends to increase as the real estate industry performs well and to decrease when the real estate industry performs poorly.

Components of Our Results of Operations

Revenue

We generate substantially all our revenue by assisting home sellers and buyers in listing, marketing, selling and finding homes. We hold the real estate brokerage license that is necessary under relevant state laws and regulations to provide

¹ For the definitions of Average Number of Principal Agents, Total Transactions and Gross Transaction Value please refer to the section entitled “—Key Business Metrics” included elsewhere in this Annual Report.

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 and year over year growth reported in this Form 10-K is based on the updated methodology.

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brokerage services and therefore we control those services that are necessary to legally transfer real estate between home sellers and buyers. We are the principal in the transaction and recognize as revenue the gross amount of the commission we receive in exchange for those services. Revenue is recognized upon the transfer of control of promised services to the home sellers or home buyers. Accordingly, real estate commissions are recorded as revenue at the point in time real estate transactions are closed (i.e., sale or purchase of a home).

We also recognize revenue from other integrated services related to the home transaction such as title and escrow services. While revenue from these services has been immaterial through 2023, we expect revenue from these services to grow over time as we expand existing and add new integrated services into our platform.

Operating Expenses

Commissions and other related expense

Commissions and other related expense primarily consists of commissions paid to our agents, who are independent contractors, upon the closing of a real estate transaction as well as stock-based compensation expense related to our Agent Equity Program, which was discontinued following the completion of the 2022 Agent Equity Program, and fees paid to external brokerages for client referrals, which are recognized and paid upon the closing of a real estate transaction.

We also charge our agents fees. These fees are either transaction based, where amounts are collected at the closing of a real estate transaction, or in the form of periodic fixed fees. These fees are recognized as a reduction to commissions and other related expense.

Our commissions and other related expense as a percentage of revenue is expected to fluctuate from period-to-period based on the mix of the commission arrangements we have with our agents, the fees we collect and any changes in integrated services revenue.

Sales and marketing

Sales and marketing expense consists primarily of marketing and advertising expenses, compensation and other personnel-related costs for employees supporting sales, marketing, expansion and related functions, occupancy-related costs for our regional offices, agent acquisition incentives and costs related to administering the Compass Concierge Program, including associated bad debt expenses. Advertising expense primarily includes the cost of marketing activities such as print advertising, online advertising and promotional items, which are expensed as incurred. Compensation and other personnel-related costs include salaries, benefits, bonuses and stock-based compensation expense.

We expect sales and marketing expense to vary from period-to-period as a percentage of revenue for the foreseeable future and decrease as a percentage of revenue.

Operations and support

Operations and support expense consists primarily of compensation and other personnel-related costs for employees supporting agents, third-party consulting and professional services costs, fair value adjustments to contingent consideration for our acquisitions and other acquisition related expenses.

We expect operations and support expense to vary from period-to-period as a percentage of revenue for the foreseeable future and decrease as a percentage of revenue.

Research and development

Research and development expense consists primarily of compensation and other personnel-related costs for employees in the product, engineering and technology functions, website hosting expenses, software licenses and equipment, third-party consulting costs, data licenses and other related expenses.

We expect that our research and development expense will vary from period-to-period as a percentage of revenue for the foreseeable future and decrease as a percentage of revenue.

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General and administrative

General and administrative expense consists primarily of compensation and other personnel-related costs for our executive management and administrative employees, including finance and accounting, legal, human resources and communications, the occupancy costs for our New York headquarters and other offices supporting our administrative functions, professional services fees for legal and finance, insurance expenses and talent acquisition expenses.

We expect that general and administrative expense will vary from period-to-period as a percentage of revenue for the foreseeable future as we focus on processes, systems and controls to enable our internal support functions for our business.

Restructuring Costs

Restructuring costs consists primarily of severance and other termination benefits for employees whose roles are being eliminated, lease terminations costs as a result of the accelerated amortization of various right-of-use assets and other restructuring costs, including those costs related to the wind-down of Modus.

Depreciation and amortization

Depreciation and amortization expense consists primarily of depreciation and amortization of our property and equipment, capitalized software and acquired intangible assets. We expect depreciation and amortization expense will vary from period-to-period as a percentage of revenue for the foreseeable future.

Investment Income, net

Investment income, net consists primarily of interest, dividends and realized gains and losses earned on our cash and cash equivalents.

Interest Expense

Interest expense consists primarily of expense related to the interest expenses, including commitment fees for available borrowing capacities, and amortization of debt issuance costs associated with our Concierge Facility and Revolving Credit Facility.

Benefit from Income Taxes

Benefit from income taxes consists of a partial reduction in the valuation allowance related to the carryover tax basis in deferred tax liabilities from acquisitions. The benefit from income taxes is reduced by current taxes in India that are not offset with future alternative minimum tax credits, and state income tax expense. We maintain a full valuation allowance against our deferred tax assets for U.S. income tax purposes because we have concluded that it is more likely than not that the deferred tax assets will not be realized.

Equity in Loss of Unconsolidated Entity

Equity in loss of unconsolidated entity includes the results of our share of losses from our mortgage joint venture with Guaranteed Rate, Inc., which was formed in July 2021.

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RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of operations data for the periods indicated:

	Year Ended December 31,					
	2023		2022		2021	
	(in millions, except percentages)					
Revenue	\$ 4,885.0	100.0 %	\$ 6,018.0	100.0 %	\$ 6,421.0	100.0 %
Operating expenses:						
Commissions and other related expense ⁽¹⁾	4,007.0	82.0	4,936.1	82.0	5,310.5	82.7
Sales and marketing ⁽¹⁾	435.4	8.9	575.1	9.6	510.4	7.9
Operations and support ⁽¹⁾	326.9	6.7	392.4	6.5	374.9	5.8
Research and development ⁽¹⁾	184.5	3.8	360.3	6.0	365.3	5.7
General and administrative ⁽¹⁾	125.7	2.6	208.1	3.5	288.5	4.5
Restructuring costs	30.4	0.6	49.1	0.8	—	—
Depreciation and amortization	90.0	1.8	86.3	1.4	64.4	1.0
Total operating expenses	<u>5,199.9</u>	<u>106.4</u>	<u>6,607.4</u>	<u>109.8</u>	<u>6,914.0</u>	<u>107.7</u>
Loss from operations	(314.9)	(6.4)	(589.4)	(9.8)	(493.0)	(7.7)
Investment income, net	8.5	0.2	2.8	—	0.1	—
Interest expense	<u>(10.8)</u>	<u>(0.2)</u>	<u>(3.6)</u>	<u>(0.1)</u>	<u>(2.4)</u>	<u>—</u>
Loss before income taxes and equity in loss of unconsolidated entity	(317.2)	(6.5)	(590.2)	(9.8)	(495.3)	(7.7)
Benefit from income taxes	0.4	—	0.9	—	2.5	—
Equity in loss of unconsolidated entity	<u>(3.3)</u>	<u>(0.1)</u>	<u>(12.2)</u>	<u>(0.2)</u>	<u>(1.3)</u>	<u>—</u>
Net loss	(320.1)	(6.6)	(601.5)	(10.0)	(494.1)	(7.7)
Net income attributable to non-controlling interests	(1.2)	—	—	—	—	—
Net loss attributable to Compass, Inc.	<u>\$ (321.3)</u>	<u>(6.6 %)</u>	<u>\$ (601.5)</u>	<u>(10.0 %)</u>	<u>\$ (494.1)</u>	<u>(7.7 %)</u>

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2023		2022
	\$	11.6	\$ 59.0
Commissions and other related expense	\$	11.6	\$ 59.0
Sales and marketing		35.0	42.0
Operations and support		16.1	15.6
Research and development		45.7	57.5
General and administrative		49.8	60.4
Total stock-based compensation expense	\$	<u>158.2</u>	<u>\$ 234.5</u>
			\$ 386.3

Comparison of the Years Ended December 31, 2023 and 2022

Revenue

	Year Ended December 31,			
	2023		2022	\$ Change
	(in millions, except percentages)			
Revenue	\$ 4,885.0	\$ 6,018.0	\$ (1,133.0)	(18.8 %)

Revenue decreased by \$1,133.0 million, or 18.8%, for 2023 compared to 2022. The decrease was primarily driven by the macroeconomic conditions that contributed to the current slowdown in the U.S. residential real estate market, a lower

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volume of transactions and a decline in Average Transaction Value, partially offset by an increase in the number of agents that joined our platform during 2022 and 2023. The Average Number of Principal Agents for 2023 was 13,973 compared to 13,296 for 2022. Total Transactions for 2023 declined to 178,848, a decrease of 15.5% from 2022.

Operating Expenses

Commissions and other related expense

	Year Ended December 31,				% Change
	2023	2022	\$ Change		
	(in millions, except percentages)				
Commissions and other related expense	\$ 4,007.0	\$ 4,936.1	\$ (929.1)		(18.8 %)
Percentage of revenue	82.0 %	82.0 %			

Commissions and other related expense decreased by \$929.1 million, or 18.8%, for 2023 compared to 2022. Included in Commissions and other related expense were non-cash expenses related to stock-based compensation of \$11.6 million for the year ended December 31, 2023 and \$59.0 million for the year ended December 31, 2022. The decline in stock-based compensation expense in 2023 as compared to 2022 was due to the discontinuation of the Agent Equity Program in 2023. Commissions and other related expense excluding such non-cash stock-based compensation expense was \$3,995.4 million, or 81.8% of revenue for 2023 and \$4,877.1 million, or 81.0% for 2022. The decrease in absolute dollars of commissions and other related expense, excluding the non-cash stock-based compensation, was primarily driven the macroeconomic conditions that contributed to the slowdown in the U.S. residential real estate market. The unfavorable 80 basis points increase in commissions and other related expense, excluding the non-cash stock-based compensation expense, expressed as a percentage of revenue in the year ended December 31, 2023 as compared to the year ended December 31, 2022 was primarily due to there being no Agent Equity Program contributions in the current year period as the Agent Equity Program was discontinued for 2023. Excluding the impact of \$47.5 million in Agent Equity Program contributions made during the year ended December 31, 2022, Commissions and other related expense as a percentage of revenue was remained relatively flat for 2023 compared to 2022.

Sales and marketing

	Year Ended December 31,				% Change
	2023	2022	\$ Change		
	(in millions, except percentages)				
Sales and marketing	\$ 435.4	\$ 575.1	\$ (139.7)		(24.3 %)
Percentage of revenue	8.9 %	9.6 %			

Sales and marketing expense decreased by \$139.7 million, or 24.3%, for 2023 compared to 2022. Included in Sales and marketing expense were non-cash expenses related to stock-based compensation of \$35.0 million for the year ended December 31, 2023 and \$42.0 million for the year ended December 31, 2022. The decrease in stock-based compensation expense for 2023 as compared to 2022 was due to lower headcount resulting from the aforementioned workforce reductions. Sales and marketing expense excluding such non-cash stock-based compensation expense was \$400.4 million, or 8.2% of revenue for 2023 and \$533.1 million, or 8.9% for 2022, respectively. The decrease in sales and marketing expense in absolute dollars and on a percentage of revenue, excluding the non-cash stock-based compensation expense, was primarily due to a decrease in agent marketing and advertising and compensation and other personnel-related costs due to decreased headcount.

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Operations and support

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Operations and support	\$ 326.9	\$ 392.4	\$ (65.5)	(16.7 %)
Percentage of revenue	6.7 %	6.5 %		

Operations and support expense decreased by \$65.5 million, or 16.7%, for 2023 compared to 2022. Included in Operations and support expense were non-cash expenses related to stock-based compensation of \$16.1 million for the year ended December 31, 2023 and \$15.6 million for the year ended December 31, 2022, which remained relatively flat. Operations and support expense excluding such non-cash stock-based compensation expense was \$310.8 million, or 6.4% of revenue for 2023 and \$376.8 million, or 6.3% for 2022. The decrease in absolute dollars, excluding such non-cash stock-based compensation expense, was primarily driven by a decrease in compensation and other personnel-related costs due to decreased headcount. As a percentage of revenue, Operations and support expense, excluding such non-cash stock-based compensation expense, was relatively flat when compared to 2022.

Research and development

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Research and development	\$ 184.5	\$ 360.3	\$ (175.8)	(48.8 %)
Percentage of revenue	3.8 %	6.0 %		

Research and development expense decreased by \$175.8 million, or 48.8%, for 2023 compared to 2022. Included in Research and development expense were non-cash expenses related to stock-based compensation of \$45.7 million for the year ended December 31, 2023 and \$57.5 million for the year ended December 31, 2022. The decrease in stock-based compensation expense for 2023 as compared to 2022 was primarily driven by workforce reductions taken in connection with our restructuring activities. Research and development expense excluding such non-cash stock-based compensation expense was \$138.8 million, or 2.8% of revenue for 2023 and \$302.8 million, or 5.0% for 2022. The decrease in absolute dollars and on a percentage of revenue basis, excluding such non-cash stock-based compensation expense, was primarily driven by lower research and development related headcount resulting from our aforementioned workforce reductions and other cost reduction initiatives.

General and administrative

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
General and administrative	\$ 125.7	\$ 208.1	\$ (82.4)	(39.6 %)
Percentage of revenue	2.6 %	3.5 %		

General and administrative expense decreased by \$82.4 million, or 39.6%, for 2023 compared to 2022. During the year ended December 31, 2022, General and administrative expense includes a charge of \$10.5 million in connection with the Realogy Holdings Corp. matter (the "Litigation Matter"). Also included in General and administrative expense were non-cash expenses related to stock-based compensation of \$49.8 million for 2023 and \$60.4 million for 2022. The decrease in stock-based compensation expense for 2023 as compared to 2022 was primarily due to decreased expense for awards resulting from decreased headcount. General and administrative expense excluding such non-cash stock-based compensation expense and the Litigation Matter was \$75.9 million, or 1.6% of revenue for 2023 and \$137.2 million, or 2.3% of revenue for 2022. The decrease in absolute dollars and on a percentage of revenue basis, excluding such non-cash stock-based compensation expense and the Litigation Matter, was primarily driven by lower headcount resulting from our aforementioned workforce reductions and other cost reduction initiatives. In addition, during the year ended December 31, 2023, General and administrative expense includes a benefit of \$7.2 million for tax refunds resulting from a change in

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estimates for certain state taxes paid in prior years. Due to this change, these state taxes will now be included in the Income tax benefit line of our consolidated statements of operations.

Restructuring costs

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Restructuring costs	\$ 30.4	\$ 49.1	\$ (18.7)	(38.1 %)
Percentage of revenue	0.6 %	0.8 %		

Restructuring costs during the year ended December 31, 2023 primarily consisted of costs associated with workforce reduction actions and lease terminations. Restructuring costs during the year ended December 31, 2022 primarily consisted of costs associated with workforce reduction actions and the wind-down of Modus. See Note 17 - "Restructuring Activities" in our consolidated financial statements included elsewhere in this Annual Report, for information.

Depreciation and amortization

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Depreciation and amortization	\$ 90.0	\$ 86.3	\$ 3.7	4.3 %
Percentage of revenue	1.8 %	1.4 %		

Depreciation and amortization expense increased by \$3.7 million, or 4.3%, for 2023 compared to 2022. The increase in absolute dollars and on a percentage of revenue basis was primarily driven by an increase in the amortization of intangible assets related to the impact of acquisitions completed during the year ended December 31, 2023 and 2022. During the year ended December 31, 2023, Depreciation and amortization also includes \$5.3 million related to acceleration of depreciation for fixed assets, including leasehold improvements, furniture and fixtures related to office leases we have exited associated with our restructuring activities. During the year ended December 31, 2022, Depreciation and amortization includes the acceleration of \$7.1 million of amortization in connection the discontinued use of certain intangible assets associated with the wind-down of Modus and charges pertaining to the write-down of fixed assets for certain real estate leases that have been exited, or partially exited.

Investment income, net

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Investment income, net	\$ 8.5	\$ 2.8	\$ 5.7	203.6 %

During the year ended December 31, 2023, investment income was \$8.5 million and during year ended December 31, 2022, investment income was \$2.8 million. Investment income, net increased during the year ended December 31, 2023 as a result of increased average interest rates on our short-term interest-bearing investments.

Interest expense

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Interest expense	\$ 10.8	\$ 3.6	\$ 7.2	200.0 %

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Interest expense increased by \$7.2 million, or 200.0%, for 2023 compared to 2022. The increase was driven by the interest expense incurred on both our Concierge Facility and Revolving Credit Facility, including the commitment fees related to the available borrowing capacities on such facilities and the amortization of the issuance costs of such facilities.

Benefit from income taxes

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Benefit from income taxes	\$ 0.4	\$ 0.9	\$ (0.5)	(55.6 %)

Benefit from income taxes decreased by \$0.5 million, or 55.6%, for 2023 compared to 2022. The change resulted from an increase in state income tax expense and a decrease in income tax benefits from acquisition related activities.

Equity in loss of unconsolidated entity

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in millions, except percentages)			
Equity in loss of unconsolidated entity	\$ 3.3	\$ 12.2	\$ (8.9)	(73.0 %)

During the year ended December 31, 2023, equity in loss of unconsolidated entity was \$3.3 million, and during the year ended December 31, 2022, equity in loss of unconsolidated entity was \$12.2 million. These losses are from our mortgage joint venture with Guaranteed Rate, Inc., which was formed in July 2021.

KEY BUSINESS METRICS AND NON-GAAP FINANCIAL MEASURES

In addition to the measures presented in our consolidated financial statements, we use the following key business metrics and non-GAAP financial measures to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions.

	Year Ended December 31,		
	2023	2022	2021
Total Transactions	178,848	211,538	225,272
Gross Transaction Value (in billions)	\$ 186.1	\$ 230.3	\$ 254.2
Average Number of Principal Agents ⁽¹⁾	13,973	13,296	11,180
Net loss attributable to Compass, Inc. (in millions)	\$ (321.3)	\$ (601.5)	\$ (494.1)
Net loss attributable to Compass, Inc. margin	(6.6)%	(10.0)%	(7.7)%
Adjusted EBITDA ⁽²⁾ (in millions)	\$ (38.9)	\$ (210.0)	\$ 1.6
Adjusted EBITDA margin ⁽²⁾	(0.8)%	(3.5)%	— %

⁽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 reported in this Annual Report is based on the updated methodology.

⁽²⁾ Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. For more information regarding our use of these measures and a reconciliation of Net loss attributable to Compass, Inc. to Adjusted EBITDA, see the section titled "—Non-GAAP Financial Measures" below.

Key Business Metrics

Total Transactions

Total Transactions is a key measure of the scale of our platform, which drives our financial performance. We define Total Transactions as the sum of all transactions closed on our platform in which our agent represented the buyer or seller in the purchase or sale of a home. We include a single transaction twice when one or more of our agents represent both the buyer and seller in any given transaction. This metric excludes rental transactions.

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Our Total Transactions for the year ended December 31, 2023 were 178,848, a decrease of 15.5% from the year ended December 31, 2022. The decline was primarily driven by the macroeconomic conditions that contributed to the slowdown in the U.S. residential real estate market partially offset by agent additions.

Gross Transaction Value

Gross Transaction Value is a key measure of the scale of our platform and success of our agents, which ultimately impacts revenue. Gross Transaction Value is the sum of all closing sale prices for homes transacted by agents on our platform. We include the value of a single transaction twice when our agents serve both the home buyer and home seller in the transaction. This metric excludes rental transactions.

Gross Transaction Value is primarily driven by home values in the markets we serve and by changes in the number of our agents in those markets, as well as seasonality and macroeconomic factors.

Our Gross Transaction Value for the year ended December 31, 2023 was \$186.1 billion, a decrease of 19.2% from the year ended December 31, 2022. The macroeconomic conditions that contributed to the slowdown in the U.S. residential real estate market resulted in period-over-period declines in both Total Transactions and Gross Transaction Value.

Average Number of Principal Agents

The Average Number of Principal Agents represents the number of agents who are leaders of their respective agent teams or individual agents operating independently on our platform during a given period. The Average Number of Principal Agents is an indicator of the potential future growth of our business, as well as the size and strength of our platform. This figure is calculated by taking the average of the number of principal agents at the end of each month included in the period. We use the Average Number of Principal Agents, in combination with our other key metrics such as Total Transactions and Gross Transaction Value, as a measure of agent productivity.

Our Average Number of Principal Agents for the year ended December 31, 2023 was 13,973, representing an increase of 5.1% from the year ago period. During the first quarter of 2023, we began to utilize an updated methodology for tracking and reporting our agent statistics. Our Average Number of Principal Agents reported in this Annual Report is based on the updated methodology. Our principal agents generate revenue across a diverse set of real estate markets in the United States.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA is a non-GAAP financial measure that represents our Net loss attributable to Compass, Inc. adjusted for depreciation and amortization, investment income, net, interest expense, stock-based compensation expense, benefit from income taxes and other items. During the periods presented, other items included (i) restructuring charges associated with lease termination and severance costs, (ii) acquisition-related expenses related to adjustments to the fair value of contingent consideration and acquisition consideration treated as compensation expense over underlying retention periods and (iii) litigation charge in connection with the Litigation Matter. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue.

We use Adjusted EBITDA and Adjusted EBITDA margin 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 Adjusted EBITDA and Adjusted EBITDA margin 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. Adjusted EBITDA and Adjusted EBITDA margin 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 Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, including Net loss attributable to Compass, Inc. and our other GAAP results. In evaluating Adjusted EBITDA and Adjusted EBITDA margin, 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 Adjusted EBITDA and Adjusted EBITDA margin should not be construed to imply that our future results will be unaffected by the types of items excluded from the calculation of Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA and Adjusted EBITDA margin are not presented in accordance with GAAP and the use of these terms varies from others in our industry.

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The following table provides a reconciliation of Net loss attributable to Compass, Inc. to Adjusted EBITDA (in millions, except percentages):

	Year Ended December 31,		
	2023	2022	2021
Net loss attributable to Compass, Inc.	\$ (321.3)	\$ (601.5)	\$ (494.1)
Adjusted to exclude the following:			
Depreciation and amortization	90.0	86.3	64.4
Investment income, net	(8.5)	(2.8)	(0.1)
Interest expense	10.8	3.6	2.4
Stock-based compensation	158.2	234.5	386.3
Benefit from income taxes	(0.4)	(0.9)	(2.5)
Restructuring costs	30.4	49.1	—
Acquisition-related expenses ⁽¹⁾	1.9	11.2	23.9
Litigation charges ⁽²⁾	—	10.5	21.3
Adjusted EBITDA	\$ (38.9)	\$ (210.0)	\$ 1.6
Net loss attributable to Compass, Inc. margin	(6.6)%	(10.0)%	(7.7)%
Adjusted EBITDA margin	(0.8)%	(3.5)%	— %

(1) Includes adjustments related to the change in fair value of contingent consideration and adjustments related to acquisition consideration treated as compensation expense over the underlying retention periods. See Note 3 to our consolidated financial statements included elsewhere in this Annual Report for more information.

(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 charge of \$21.3 million incurred during the year ended December 31, 2021 in connection with the settlement of the Avi Dorfman and RentJolt, Inc. matter. See Note 11 to our consolidated financial statements included in the 2022 and 2021 Form 10-K for more information.

Adjusted EBITDA was a loss of \$38.9 million compared to a loss of \$210.0 million during the years ended December 31, 2023 and 2022, respectively. The decrease in Adjusted EBITDA loss during the year ended December 31, 2023 as compared to the year ended December 31, 2022 was primarily a result of the impact of our workforce reductions and cost reduction initiatives outpacing the impact of a slow down in revenue resulting from the current macroeconomic conditions impacting the U.S. residential real estate market as described in more detail under the section entitled “—Recent Developments”.

The following tables provide supplemental information to the Reconciliation of Net loss attributable to Compass, Inc. to Adjusted EBITDA presented above. These tables identify how each of the Operating expenses related financial statement line items contained within the accompanying consolidated statements of operations elsewhere in this Annual Report are impacted by the items excluded from Adjusted EBITDA (in millions):

	Year Ended December 31, 2023					
	Commissions and other related expense		Sales and marketing	Operations and support	Research and development	
	GAAP Basis	\$ 4,007.0	\$ 435.4	\$ 326.9	\$ 184.5	\$ 125.7
Adjusted to exclude the following:						
Stock-based compensation		(11.6)	(35.0)	(16.1)	(45.7)	(49.8)
Acquisition-related expenses		—	—	(1.9)	—	—
Non-GAAP Basis		\$ 3,995.4	\$ 400.4	\$ 308.9	\$ 138.8	\$ 75.9

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Year Ended December 31, 2022						
	Commissions and other related expense	Sales and marketing	Operations and support	Research and development	General and administrative	
GAAP Basis	\$ 4,936.1	\$ 575.1	\$ 392.4	\$ 360.3	\$ 208.1	
Adjusted to exclude the following:						
Stock-based compensation	(59.0)	(42.0)	(15.6)	(57.5)	(60.4)	
Acquisition-related expenses	—	—	(11.2)	—	—	
Litigation charge	—	—	—	—	(10.5)	
Non-GAAP Basis	<u>\$ 4,877.1</u>	<u>\$ 533.1</u>	<u>\$ 365.6</u>	<u>\$ 302.8</u>	<u>\$ 137.2</u>	
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	<u>\$ 5,181.8</u>	<u>\$ 472.0</u>	<u>\$ 334.1</u>	<u>\$ 272.6</u>	<u>\$ 157.6</u>	

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have generated negative cash flows from operations and have primarily financed our operations from net proceeds from the sale of convertible preferred stock and common stock. As of December 31, 2023, we had cash and cash equivalents of \$166.9 million and an accumulated deficit of \$2.5 billion.

We expect that operating losses and negative cash flows from operations may continue in certain periods in the foreseeable future as a result of the current slowdown in the U.S. residential real estate market as described in more detail under the section entitled “—Recent Developments”. We believe our existing cash and cash equivalents, the Concierge Facility (which, as defined below, may be used to support our Compass Concierge Program) and the Revolving Credit Facility will be sufficient to meet our working capital and capital expenditures needs for at least the next 12 months and beyond.

Our future capital requirements will depend on many factors, including, but not limited to, growth in the number of our agents and the associated costs to attract, support and retain them, our decision to resume expansion into new geographic markets, continued investment in integrated services and other new revenue streams, future acquisitions, the timing of investments in technology and personnel to support the overall growth in our business and the extent and duration of the current and any future slowdown in the U.S. residential real estate market. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. There can be no assurances that we will be able to raise additional capital. In the event that additional financing is required from outside sources, we may not be able to negotiate terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be adversely affected. See the sections entitled “Risk Factors—Risks Related to Ownership of Our Class A Common Stock—We may need to raise additional capital to continue to grow our business and we may not be able to raise additional capital on terms acceptable to us, or at all” and “Risk Factors—Risks Related to Our Business and Operations—Covenants in our debt agreements may restrict our borrowing capacity or operating activities and adversely affect our financial condition”.

Concierge Facility

In July 2020, we entered into a Revolving Credit and Security Agreement, or the Concierge Facility, with Barclays Bank PLC, as administrative agent, and the several lenders party thereto, which was subsequently amended on July 29, 2021,

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August 5, 2022 and August 4, 2023. The Concierge Facility provides for a \$75.0 million revolving credit facility and is solely used to finance, in part, our Compass Concierge Program. The Concierge Facility is secured primarily by the Concierge Receivables and cash of the Compass Concierge Program. The interest rate on the Concierge Facility was 8.93% as of December 31, 2023. Pursuant to the Concierge Facility, the principal amount, if any, is payable in full in January 2026, unless earlier terminated or extended. As of December 31, 2023 and 2022, there were \$24.8 million and \$31.9 million, respectively, in borrowings outstanding under the Concierge Facility.

We have the option to repay our borrowings under the Concierge Facility without premium or penalty prior to maturity. The Concierge Facility contains customary affirmative covenants, such as financial statement reporting requirements, as well as covenants that restrict its ability to, among other things, incur additional indebtedness, sell certain receivables, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions. Additionally, in the event that we fail to comply with certain financial covenants that require us to meet certain liquidity-based measures, the commitments under the Concierge Facility will automatically be reduced to zero and we will be required to repay any outstanding loans under the Concierge Facility. As of December 31, 2023, we were in compliance with the covenants under the Concierge Facility.

Revolving Credit and Guaranty Agreement

In March 2021, we entered into a Revolving Credit and Guaranty Agreement, or the Revolving Credit Facility, with Barclays Bank PLC, as administrative agent and as collateral agent, or the Administrative Agent, and certain other lenders, which was subsequently amended on May 1, 2023. The Revolving Credit Facility provides for a \$350.0 million revolving credit facility, subject to the terms and conditions of the Revolving Credit Facility. The Revolving Credit Facility also includes a letter of credit sublimit which is the lesser of (i) \$125.0 million and (ii) the aggregate unused amount of the revolving commitments then in effect under the Revolving Credit Facility. Our obligations under the Revolving Credit Facility are guaranteed by certain of our subsidiaries and are secured by a first priority security interest in substantially all of our assets and subsidiary guarantors.

Borrowings under the Revolving Credit Facility bear interest, at our option, at either (i) a floating rate per annum equal to the base rate plus a margin of 0.50% or (ii) a rate per annum equal to the secured overnight financing rate, or SOFR, plus a margin of 1.50%. The base rate is equal to the highest of (a) the prime rate as quoted by The Wall Street Journal, (b) the federal funds effective rate plus 0.50%, (c) the SOFR term rate for a one-month interest period plus 1.00%, and (d) 1.00%. The SOFR term rate is determined by the Administrative Agent as the forward-looking term rate plus a 0.10% adjustment. During an event of default under the Revolving Credit Facility, the applicable interest rates are increased by 2.0% per annum. We are also obligated to pay other customary fees for a credit facility of this type, including a commitment fee on a quarterly basis based on amounts committed but unused under the Revolving Credit Facility of 0.175% per annum, fees associated with letters of credit and administrative and arrangement fees. The principal amount, if any, is payable in full in March 2026, unless earlier terminated or extended.

We have the option to repay our borrowings, and to permanently reduce the loan commitments in whole or in part, under the Revolving Credit Facility without premium or penalty prior to maturity. As of December 31, 2023, we had no borrowings outstanding under the Revolving Credit Facility and outstanding letters of credit under the Revolving Credit Facility totaled approximately \$43.8 million.

The Revolving Credit Facility contains customary representations, warranties, financial covenants applicable to us and our restricted subsidiaries, affirmative covenants, such as financial statement reporting requirements, and negative covenants which restrict its ability, among other things, to incur liens and indebtedness, make certain investments, declare dividends, dispose of, transfer or sell assets, make stock repurchases and consummate certain other matters, all subject to certain exceptions. The financial covenants require that (i) we maintain liquidity of at least \$150.0 million as of the last day of each fiscal quarter and each date of a credit extension and (ii) consolidated total revenue as of the last day of each fiscal quarter be equal to or greater than the specified amount corresponding to such period. The minimum required consolidated revenue threshold for the trailing four fiscal quarters is \$3,799.0 million during 2023 and \$4,668.0 million thereafter. As of December 31, 2023, we were in compliance with the financial covenants under the Revolving Credit Facility.

The Revolving Credit Facility includes customary events of default that include, among other things, nonpayment of principal, interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments, change of control and certain material ERISA events. The occurrence of an event of default could result in the acceleration of the obligations under the Revolving Credit Facility.

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Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2023	2022	2021
	(in millions)		
Net cash used in operating activities	\$ (25.9)	\$ (291.7)	\$ (28.6)
Net cash used in investing activities	(11.7)	(100.1)	(192.5)
Net cash (used in) provided by financing activities	(157.4)	135.4	399.3
Net (decrease) increase in cash and cash equivalents	\$ (195.0)	\$ (256.4)	\$ 178.2

Operating Activities

For 2023, net cash used in operating activities was \$25.9 million. The outflow was primarily due to a \$320.1 million net loss adjusted for \$259.2 million of non-cash charges being offset by a net cash inflow due to changes in assets and liabilities of \$35.0 million. The non-cash charges are primarily related to \$158.2 million of stock-based compensation expense, \$90.0 million of depreciation and amortization expense, \$4.4 million of bad debt expense and \$3.3 million of equity in loss of unconsolidated entity. The changes in assets and liabilities resulted in a cash inflow primarily due to a \$21.4 million decrease in other currents assets, a \$18.0 million decrease in Compass Concierge receivables, a \$11.6 million increase in Commissions payable and a decrease of \$9.1 million in other non-current assets. The cash inflow from operations was partially offset by a decrease of \$10.6 million in accrued expenses and other liabilities, a decrease of \$9.8 million in accounts payable due to timing of payments, an increase of \$3.5 million in accounts receivable due to timing of receipts and a \$1.2 million outflow from net operating lease right-of-use assets and operating lease liabilities.

For 2022, net cash used in operating activities was \$291.7 million. The outflow was primarily due to a \$601.5 million net loss adjusted for \$339.0 million of non-cash charges and cash outflow due to changes in assets and liabilities of \$29.2 million. The non-cash charges are primarily related to \$234.5 million of stock-based compensation expense, \$86.3 million of depreciation and amortization expense, \$12.2 million of equity in loss of unconsolidated entity and \$7.3 million of bad debt expense. The changes in assets and liabilities resulted in a cash outflow primarily due to a \$36.5 million decrease in accrued expenses and other liabilities, a \$15.9 million decrease in Commissions payable, a \$11.7 million increase in Compass Concierge receivables and a decrease of \$4.8 million in accounts payable due to timing of payments. The cash outflow from operations was partially offset by a decrease of \$17.6 million in other currents assets, a decrease of \$9.8 million in other non-current assets, a decrease of \$6.5 million in accounts receivable due to timing of receipts and a \$5.8 million inflow from net operating lease right-of-use assets and operating lease liabilities.

For 2021, net cash used in operating activities was \$28.6 million. The outflow was primarily due to a \$494.1 million net loss adjusted for \$457.3 million of non-cash charges and cash inflow due to changes in assets and liabilities of \$8.2 million. The non-cash charges are primarily related to \$386.3 million of stock-based compensation expense, \$64.4 million of depreciation and amortization expense and \$8.9 million of bad debt expense. The changes in assets and liabilities resulted in a cash inflow primarily due to a \$43.3 million increase in accrued expenses and other liabilities, a \$9.4 million decrease in Compass Concierge receivables and a decrease of \$8.5 million in accounts receivable due to timing of receipts. The cash inflow provided by operations was partially offset by an increase of \$40.0 million in other currents assets and an increase of \$11.8 million in other non-current assets.

Investing Activities

During 2023, net cash used by investing activities was \$11.7 million, consisting of \$11.2 million in capital expenditures and \$1.2 million for investment in an unconsolidated entity, partially offset by \$0.7 million in net cash acquired from acquisitions. The investment in an unconsolidated entity represents our investment in our mortgage joint venture with Guaranteed Rate, Inc. that we formed in 2021.

During 2022, net cash used by investing activities was \$100.1 million, consisting of \$70.1 million in capital expenditures, \$15.0 million in payments for acquisitions, net of cash acquired, and \$15.0 million for investment in an unconsolidated entity. The investment in an unconsolidated entity represents our investment in our mortgage joint venture with Guaranteed Rate, Inc. that we formed in 2021.

During 2021, net cash used by investing activities was \$192.5 million, consisting of \$137.4 million in payments for acquisitions, net of cash acquired, \$50.1 million in capital expenditures and \$5.0 million for investment in an

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unconsolidated entity. The investment in an unconsolidated entity represents our investment in our joint venture that we formed in 2021.

Financing Activities

During 2023, net cash used in financing activities was \$157.4 million, primarily consisting of \$150.0 million in net repayments of drawdowns on the Revolving Credit Facility, \$23.5 million in taxes paid related to net share settlement of equity awards, \$14.6 million in payments related to acquisitions, including payments of contingent consideration, and \$7.1 million in net payments on drawdowns and repayments on the Concierge Facility, partially offset by \$32.3 million in proceeds from the issuance of common stock in connection with the Strategic Transaction (see Note 12 to our consolidated financial statements included elsewhere in this Annual Report for more information), \$4.5 million in proceeds from the exercise of stock options and \$2.5 million in proceeds from the issuance of common stock under the Employee Stock Purchase Plan.

During 2022, net cash provided by financing activities was \$135.4 million, primarily consisting of \$150.0 million in proceeds from drawdowns on the Revolving Credit Facility, \$15.7 million in net proceeds from drawdowns and repayments on the Concierge Facility and \$9.0 million in proceeds from the exercise of stock options, partially offset by \$23.5 million in taxes paid related to net share settlement of equity awards and \$17.5 million in payments for acquisitions, including payments of contingent consideration.

During 2021, net cash provided by financing activities was \$399.3 million, primarily consisting of \$439.6 million in net proceeds from the issuance of common stock upon initial public offering, \$26.9 million in proceeds from the exercise and early exercise of stock options and \$7.8 million in proceeds from drawdowns on the Concierge Facility, partially offset by \$62.4 million in taxes paid related to net share settlement of equity awards, \$10.7 million in payments of contingent consideration related to acquisitions and \$1.9 million in paid deferred debt issuance costs for credit facilities.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2023:

	Payments Due by Period					
	Total	Less than			More	
		1 Year	1-3 Years	3-5 Years	than 5 Years	
(in millions)						
Operating lease obligations ⁽¹⁾	\$ 589.2	\$ 121.2	\$ 200.0	\$ 148.0	\$ 120.0	
Other acquisition related compensation	2.9	1.0	1.3	0.6	—	
Estimated undiscounted contingent consideration payments	31.8	4.5	4.6	14.6	8.1	
Acquisition related payables	1.1	0.7	0.4	—	—	
Purchase obligations	88.0	48.5	39.1	0.4	—	
Total	<u>\$ 713.0</u>	<u>\$ 175.9</u>	<u>\$ 245.4</u>	<u>\$ 163.6</u>	<u>\$ 128.1</u>	

⁽¹⁾ As of December 31, 2023, the Company has additional operating leases for real estate that have not yet commenced of \$10.0 million payable through 2033, which have been excluded from above.

As of December 31, 2023, there were \$24.8 million in borrowings outstanding under the Concierge Facility. We are required to pay an annual commitment fee of 0.35% if the Concierge Facility is utilized greater than 50% and 0.50%, if the Concierge Facility is utilized less than 50%. In addition, borrowings under the Concierge Facility bear interest at the term SOFR rate plus a margin of 2.75%. The effective interest rate was 8.93% as of December 31, 2023. The principal amount, if any, is payable in full in January 2026, unless earlier terminated or extended. For additional information, see the section titled “—Liquidity and Capital Resources—Concierge Facility.”

As of December 31, 2023, we had no outstanding borrowings under our Revolving Credit Facility and outstanding letters of credit totaled approximately \$43.8 million. Borrowings under the Revolving Credit Facility bear interest, at our option, at either (i) a floating rate per annum equal to the base rate plus a margin of 0.50% or (ii) a rate per annum equal to SOFR plus a margin of 1.50%. During an event of default under the Revolving Credit Facility the applicable interest rates are increased by 2.0% per annum. We are also obligated to pay other customary fees for a credit facility of this type, including a commitment fee on a quarterly basis based on amounts committed but unused under the Revolving Credit Facility of

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0.175% per annum, fees associated with letters of credit and administrative and arrangement fee. The principal amount, if any, is payable in full in March 2026, unless earlier terminated or extended. For additional information, see the section titled “—Liquidity and Capital Resources—Revolving Credit and Guaranty Agreement.”

We have irrevocable letters of credit with various financial institutions, primarily related to security deposits for leased facilities. As of December 31, 2023, we were contingently liable for \$44.4 million, under these letters of credit. As of December 31, 2023, \$43.8 million and \$0.6 million of these letters of credit are collateralized by our Revolving Credit Facility and cash and cash equivalents, respectively.

Off-Balance Sheet Arrangements

We administer escrow and trust deposits which represent undistributed amounts for the settlement of real estate transactions. We are contingently liable for these escrow and trust deposits totaling \$120.0 million and \$136.7 million as of December 31, 2023 and 2022, respectively. We did not have any other off-balance sheet arrangements as of or during the periods presented.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Our consolidated financial statements and accompanying notes have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates and therefore, if material, our future financial statements will be affected.

A thorough understanding of our critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below are the most difficult management decisions as they involve the use of significant estimates and assumptions as described above.

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report for more information.

Revenue Recognition

We generate revenue by assisting home sellers and buyers in listing, marketing, selling and finding homes. We hold the real estate brokerage license that is necessary under relevant state laws and regulations to provide brokerage services and therefore controls those services that are necessary to legally transfer real estate between home sellers and buyers.

Although our agents are independent contractors, they cannot execute a real estate transaction without a brokerage license, which the Company possesses. We have the only contractual relationship for the sale or exchange of real estate with their clients. Accordingly, we are the principal in our transactions with home buyers and sellers. As principal, we recognize revenue in the gross amount of consideration to which we receive in exchange for those services.

We concluded that our brokerage revenue contains a single performance obligation that is satisfied upon the closing of a real estate services transaction, at which point the entire transaction price is earned. Revenue is recognized upon the closing of a real estate transaction (i.e. purchase or sale of a home) since we are not entitled to any commission until the performance obligation is satisfied and are not owed any commission for unsuccessful transactions, even if services have been provided. We operate exclusively in the United States and generate substantially all of our revenue from commissions from home sellers and buyers. In addition to commission revenue, we generate revenue through integrated services related to the home transaction such as title and escrow services which comprised an immaterial amount of the consolidated revenue for the years ended December 31, 2023, 2022 and 2021.

Our management evaluated and determined that no disaggregation of revenue is necessary or appropriate.

As we generally bill for our services at the time of revenue recognition, we do not have material deferred revenue or contract asset balances. In addition, we do not capitalize commissions paid to agents as incremental contract costs as there are no future benefits associated with the expenses.

Stock-Based Compensation

We measure compensation expense for all stock-based awards based on the estimated fair value of the awards on the date of grant. Compensation expense is generally recognized as expense on a straight-line basis over the service period based on the vesting requirements. We recognize forfeitures as they occur.

For stock options, which we issue to employees, affiliated agents and in certain cases in connection with business combinations, we generally estimate the fair value using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including (1) the fair value of common stock, (2) the expected stock price volatility, (3) the expected term of the award, (4) the risk-free interest rate and (5) expected dividends.

We also issue RSUs to employees, affiliated agents and in certain cases in connection with business combinations. In addition to the issuance of RSUs to agents as equity compensation for the provision of services, we previously offered RSUs to affiliated agents through our Agent Equity Program. The Agent Equity Program offered affiliated agents the ability to elect to have a portion of their commissions earned during a calendar year to be paid in the form of RSUs. RSUs issued in connection with the Agent Equity Program were granted at the beginning of the year following the calendar year in which the commissions were earned and are subject to the terms and conditions of the 2012 Stock Incentive Plan and the 2021 Equity Incentive Plan, as applicable. We discontinued the Agent Equity Program following the issuance of RSUs during the first quarter of 2023 related to the 2022 Agent Equity Program.

Our RSUs granted prior to December 2020 generally vest based upon the satisfaction of both a service-based condition and a liquidity event-based condition. The service-based vesting condition for these awards is generally satisfied over four years, except for the RSUs associated with the 2020 Agent Equity Program which vested immediately on the date of issuance. The liquidity event-based vesting condition is satisfied on the occurrence of a qualifying event, generally defined as a change in control or the effective date of the registration statement for our IPO. The fair value of these RSUs was measured based on the fair value of our common stock on the grant date and was recognized as expense when both the required service-based vesting condition and the liquidity event-based vesting condition were achieved using the accelerated attribution method. The liquidity event-based vesting requirement was met on March 31, 2021, the effective date of the our registration statement, see Note 1 to our consolidated financial statements included in this Annual Report—"Business—Initial Public Offering."

In December 2020, we began issuing RSUs that vest upon the satisfaction of only a service-based vesting condition that generally ranges from one to five years. The fair value of these RSUs is measured based on the fair value of our common stock on the grant date and will be recognized as expense on a straight-line basis as the required service-based vesting condition is satisfied. Any vested RSUs that require only a service-based vesting condition will convert to common stock following vesting and their prescribed delayed settlement periods.

For RSUs granted in connection with the 2021 and 2022 Agent Equity Programs, we determined the value of the stock-based compensation expense at the time the underlying commission was earned and recognized the associated expense on a straight-line basis over the requisite service periods beginning on the closing date of the underlying real estate commission transactions. The stock-based compensation expense was recorded as a liability throughout the service period and was reclassified to Additional paid-in capital at the end of the vesting period when the underlying RSUs were issued.

On a limited basis, we have issued stock options and RSUs that contain service, performance and market-based vesting conditions. Such awards were valued using a Monte Carlo simulation and the underlying expense will be recognized as the associated vesting conditions are met.

RECENT ACCOUNTING PRONOUNCEMENTS

For a description of our recently adopted accounting pronouncements and accounting pronouncements issued but not yet adopted, see Note 2 to our consolidated financial statements included in this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may impact our financial position because of adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure resulting from potential changes in interest rates or inflation.

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Interest Rate Risk

Our cash and cash equivalents as of December 31, 2023 consisted of \$166.9 million. Certain of our cash and cash equivalents are interest-earning instruments that carry a degree of interest rate risk. The goals of our investment policy are liquidity and capital preservation. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate exposure. We believe that we do not have any material exposure to changes in the fair value of these assets as a result of changes in interest rates due to the short-term nature of our cash and cash equivalents.

We are also subject to interest rate exposure on our Concierge Facility and Revolving Credit Facility. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. Our Concierge Facility bears interest equal to the term SOFR rate plus a margin of 2.75%. As of December 31, 2023, we had a total outstanding balance of \$24.8 million under the Concierge Facility. Our Revolving Credit Facility bears interest equal to SOFR plus a margin of 1.50%. As of December 31, 2023, we had no borrowings outstanding under the Revolving Credit Facility. Based on the amounts outstanding, a 100-basis point increase or decrease in market interest rates over a twelve-month period would not result in a material change to our interest expense.

Foreign Currency Exchange Risk

As our operations in India have been limited and we do not maintain a significant balance of foreign currency, we do not currently face significant risk with respect to foreign currency exchange rates.

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Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Compass, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Compass, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022 and the related consolidated statements of operations, of convertible preferred stock and stockholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2023 appearing under Item 15(a)2 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Commissions Revenue

As described in Note 2 to the consolidated financial statements, the Company generates revenue by assisting home sellers and buyers in listing, marketing, selling and finding homes. The Company holds the real estate brokerage license that is necessary under relevant state laws and regulations to provide brokerage services and therefore controls those services that are necessary to legally transfer real estate between home sellers and buyers. Management concluded that its brokerage revenue contains a single performance obligation that is satisfied upon the closing of a real estate services transaction, at which point the entire transaction price is earned. Revenue is recognized upon the closing of a real estate transaction (i.e., purchase or sale of a home) since the Company is not entitled to any commission until the performance obligation is satisfied and is not owed any commission for unsuccessful transactions, even if services have been provided. The Company operates exclusively in the United States and generated revenue of \$4,885 million for the year ended December 31, 2023, of which substantially all was generated from commissions from home sellers and buyers.

The principal considerations for our determination that performing procedures relating to revenue recognition - commissions revenue is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to revenue recognition. As disclosed by management, a material weakness existed during the year related to the Company's control environment, which impacted this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the commissions revenue process. These procedures also included, among others, testing the completeness, accuracy, and occurrence of revenue recognized for commissions revenues for a sample of revenue transactions by (i) obtaining and inspecting source documents, such as customer contracts and related closing documentation, (ii) recalculating the commissions revenue, and (iii) vouching to cash receipts, as applicable.

/s/ PricewaterhouseCoopers LLP

New York , New York
February 28, 2024

We have served as the Company's auditor since 2014.

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Compass, Inc.
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 166.9	\$ 361.9
Accounts receivable, net of allowance of \$ 8.6 and \$ 9.0 , respectively	36.6	36.6
Compass Concierge receivables, net of allowance of \$ 13.2 and \$ 14.7 , respectively	24.0	42.9
Other current assets	54.5	76.5
Total current assets	282.0	517.9
Property and equipment, net	151.7	192.5
Operating lease right-of-use assets	408.5	483.2
Intangible assets, net	77.6	99.3
Goodwill	209.8	198.4
Other non-current assets	30.7	41.8
Total assets	<u><u>\$ 1,160.3</u></u>	<u><u>\$ 1,533.1</u></u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 18.4	\$ 28.1
Commissions payable	59.6	48.0
Accrued expenses and other current liabilities	90.8	164.9
Current lease liabilities	98.9	94.6
Concierge credit facility	24.8	31.9
Revolving credit facility	—	150.0
Total current liabilities	292.5	517.5
Non-current lease liabilities	410.2	486.5
Other non-current liabilities	25.6	8.4
Total liabilities	<u><u>728.3</u></u>	<u><u>1,012.4</u></u>
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$ 0.00001 par value, 13,850,000,000 shares authorized at December 31, 2023 and 2022; 484,893,266 and 438,098,194 shares issued and outstanding at December 31, 2023 and 2022, respectively	—	—
Additional paid-in capital	2,946.5	2,713.6
Accumulated deficit	(2,517.8)	(2,196.5)
Total Compass, Inc. stockholders' equity	428.7	517.1
Non-controlling interest	3.3	3.6
Total stockholders' equity	432.0	520.7
Total liabilities and stockholders' equity	<u><u>\$ 1,160.3</u></u>	<u><u>\$ 1,533.1</u></u>

The accompanying footnotes are an integral part of these consolidated financial statements.

Compass, Inc.
Consolidated Statements of Operations
(In millions, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 4,885.0	\$ 6,018.0	\$ 6,421.0
Operating expenses:			
Commissions and other related expense	4,007.0	4,936.1	5,310.5
Sales and marketing	435.4	575.1	510.4
Operations and support	326.9	392.4	374.9
Research and development	184.5	360.3	365.3
General and administrative	125.7	208.1	288.5
Restructuring costs	30.4	49.1	—
Depreciation and amortization	90.0	86.3	64.4
Total operating expenses	<u>5,199.9</u>	<u>6,607.4</u>	<u>6,914.0</u>
Loss from operations	(314.9)	(589.4)	(493.0)
Investment income, net	8.5	2.8	0.1
Interest expense	(10.8)	(3.6)	(2.4)
Loss before income taxes and equity in loss of unconsolidated entity	(317.2)	(590.2)	(495.3)
Benefit from income taxes	0.4	0.9	2.5
Equity in loss of unconsolidated entity	(3.3)	(12.2)	(1.3)
Net loss	<u>(320.1)</u>	<u>(601.5)</u>	<u>(494.1)</u>
Net income attributable to non-controlling interests	(1.2)	—	—
Net loss attributable to Compass, Inc.	<u>\$ (321.3)</u>	<u>\$ (601.5)</u>	<u>\$ (494.1)</u>
Net loss per share attributable to Compass, Inc., basic and diluted	<u>\$ (0.69)</u>	<u>\$ (1.40)</u>	<u>\$ (1.51)</u>
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	<u>466,522,935</u>	<u>428,169,180</u>	<u>326,336,128</u>

The accompanying footnotes are an integral part of these consolidated financial statements.

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Compass, Inc.

Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)

(In millions, except share amounts)

	Convertible Preferred Stock		Total Compass, Inc. Non- controlling Stockholders' Equity (Deficit)						Total Stockholders' Equity (Deficit)
	Common Stock		Additional Paid-in Capital		Accumulated Deficit	Stockholders' Equity (Deficit)	Non- controlling Interest		
	Shares	Amount	Shares	Amount					
Balances at December 31, 2020	237,047,550	\$ 1,486.7	122,971,900	\$ —	\$ 238.0	\$ (1,100.9)	\$ (862.9)	\$ —	\$ (862.9)
Net loss	—	—	—	—	—	(494.1)	(494.1)	—	(494.1)
Acquisition related non-controlling interest	—	—	—	—	—	—	—	3.8	3.8
Conversion of Series D convertible preferred stock	(15,920,450)	(67.6)	15,920,450	—	67.6	—	67.6	—	67.6
Conversion of convertible preferred stock to common stock in connection with the initial public offering	(221,127,100)	(1,419.1)	223,033,725	—	1,419.1	—	1,419.1	—	1,419.1
Issuance of common stock in connection with the initial public offering, net of issuance costs	—	—	26,296,438	—	438.7	—	438.7	—	438.7
Issuance of shares in connection with acquisitions	—	—	855,740	—	10.1	—	10.1	—	10.1
Issuance of common stock upon exercise of stock options	—	—	9,318,012	—	21.3	—	21.3	—	21.3
Issuance of common stock upon settlement of RSUs, net of taxes withheld	—	—	10,871,486	—	(62.4)	—	(62.4)	—	(62.4)
Vesting of early exercised stock options	—	—	—	—	5.0	—	5.0	—	5.0
Stock-based compensation	—	—	—	—	301.4	—	301.4	—	301.4
Balances at December 31, 2021	—	\$ —	409,267,751	\$ —	\$ 2,438.8	\$ (1,595.0)	\$ 843.8	\$ 3.8	\$ 847.6
Net loss	—	—	—	—	—	(601.5)	(601.5)	—	(601.5)
Other activity related to non-controlling interests	—	—	—	—	—	—	—	(0.2)	(0.2)
Issuance of shares in connection with acquisitions	—	—	1,033,340	—	3.6	—	3.6	—	3.6
Issuance of common stock upon exercise of stock options	—	—	4,145,127	—	9.0	—	9.0	—	9.0
Issuance of common stock upon settlement of RSUs, net of taxes withheld	—	—	9,464,159	—	(23.5)	—	(23.5)	—	(23.5)
Vesting of early exercised stock options	—	—	—	—	5.5	—	5.5	—	5.5
Issuance of common stock in connection with the 2021 Agent Equity Program	—	—	13,608,896	—	100.0	—	100.0	—	100.0
Issuance of common stock under the ESPP	—	—	578,921	—	2.3	—	2.3	—	2.3
Stock-based compensation	—	—	—	—	177.9	—	177.9	—	177.9
Balances at December 31, 2022	—	\$ —	438,098,194	\$ —	\$ 2,713.6	\$ (2,196.5)	\$ 517.1	\$ 3.6	\$ 520.7
Net loss	—	—	—	—	—	(321.3)	(321.3)	1.2	(320.1)
Other activity related to non-controlling interests	—	—	—	—	—	—	—	(1.5)	(1.5)
Issuance of shares in connection with acquisitions	—	—	5,737,060	—	17.9	—	17.9	—	17.9
Issuance of common stock upon exercise of stock options	—	—	2,963,701	—	4.5	—	4.5	—	4.5
Issuance of common stock upon settlement of RSUs, net of taxes withheld	—	—	14,229,086	—	(23.5)	—	(23.5)	—	(23.5)
Vesting of early exercised stock options	—	—	—	—	0.6	—	0.6	—	0.6
Issuance of common stock in connection with the 2022 Agent Equity Program	—	—	14,147,480	—	53.3	—	53.3	—	53.3
Issuance of common stock under the ESPP	—	—	759,835	—	2.5	—	2.5	—	2.5
Issuance of common stock in connection with the Strategic Transaction	—	—	8,957,910	—	30.0	—	30.0	—	30.0
Stock-based compensation	—	—	—	—	147.6	—	147.6	—	147.6
Balances at December 31, 2023	—	\$ —	484,893,266	\$ —	\$ 2,946.5	\$ (2,517.8)	\$ 428.7	\$ 3.3	\$ 432.0

The accompanying footnotes are an integral part of these consolidated financial statements.

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Compass, Inc.
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2023	2022	2021
Operating Activities			
Net loss	\$ (320.1)	\$ (601.5)	\$ (494.1)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	90.0	86.3	64.4
Stock-based compensation	158.2	234.5	386.3
Equity in loss of unconsolidated entity	3.3	12.2	1.3
Change in acquisition related contingent consideration	2.6	(2.2)	(4.7)
Bad debt expense	4.4	7.3	8.9
Amortization of debt issuance costs	0.7	0.9	1.1
Changes in operating assets and liabilities:			
Accounts receivable	(3.5)	6.5	8.5
Compass Concierge receivables	18.0	(11.7)	9.4
Other current assets	21.4	17.6	(40.0)
Other non-current assets	9.1	9.8	(11.8)
Operating lease right-of-use assets and operating lease liabilities	(1.2)	5.8	2.4
Accounts payable	(9.8)	(4.8)	(3.3)
Commissions payable	11.6	(15.9)	(0.3)
Accrued expenses and other liabilities	(10.6)	(36.5)	43.3
Net cash used in operating activities	<u>(25.9)</u>	<u>(291.7)</u>	<u>(28.6)</u>
Investing Activities			
Investment in unconsolidated entity	(1.2)	(15.0)	(5.0)
Capital expenditures	(11.2)	(70.1)	(50.1)
Payments for acquisitions, net of cash acquired	0.7	(15.0)	(137.4)
Net cash used in investing activities	<u>(11.7)</u>	<u>(100.1)</u>	<u>(192.5)</u>
Financing Activities			
Proceeds from exercise and early exercise of stock options	4.5	9.0	26.9
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	2.5	2.3	—
Taxes paid related to net share settlement of equity awards	(23.5)	(23.5)	(62.4)
Proceeds from drawdowns on Concierge credit facility	55.4	59.0	39.5
Repayments of drawdowns on Concierge credit facility	(62.5)	(43.3)	(31.7)
Proceeds from drawdowns on Revolving credit facility	75.0	150.0	—
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	(14.6)	(17.5)	(10.7)
Proceeds from issuance of common stock upon initial public offering, net of offering costs	—	—	439.6
Other	<u>(1.5)</u>	<u>(0.6)</u>	<u>(1.9)</u>
Net cash (used in) provided by financing activities	<u>(157.4)</u>	<u>135.4</u>	<u>399.3</u>
Net (decrease) increase in cash and cash equivalents	<u>(195.0)</u>	<u>(256.4)</u>	<u>178.2</u>
Cash and cash equivalents at beginning of period	<u>361.9</u>	<u>618.3</u>	<u>440.1</u>
Cash and cash equivalents at end of period	<u>\$ 166.9</u>	<u>\$ 361.9</u>	<u>\$ 618.3</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 9.0	\$ 2.3	\$ 1.3
Supplemental non-cash information:			
Issuance of common stock for acquisitions	\$ 17.9	\$ 3.6	\$ 10.1
Conversion of convertible preferred stock in connection with initial public offering	\$ —	\$ —	\$ 1,419.1
Conversion of Series D convertible preferred stock	\$ —	\$ —	\$ 67.6

The accompanying footnotes are an integral part of these consolidated financial statements.

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Compass, Inc.

Notes to Consolidated Financial Statements

1. Business

Description of the Business

Compass, Inc. (the "Company") was incorporated in Delaware on October 4, 2012 under the name Urban Compass, Inc. On January 8, 2021, the board of directors approved a change to the Company's name from Urban Compass, Inc. to Compass, Inc.

The Company provides an end-to-end platform that empowers its residential real estate agents to deliver exceptional service to seller and buyer clients. The Company's platform includes an integrated suite of cloud-based software for customer relationship management, marketing, client service and other critical functionality, all custom-built for the real estate industry, which enables the Company's core brokerage services. The platform also uses proprietary data, analytics, artificial intelligence, and machine learning to deliver high value recommendations and outcomes for Compass agents and their clients.

The Company's agents are independent contractors who affiliate their real estate licenses with the Company, operating their businesses on the Company's platform and under the Compass brand. The Company generates revenue from clients through its agents by assisting home sellers and buyers in listing, marketing, selling and finding homes as well as through the provision of services adjacent to the transaction, like title and escrow services, which comprise a smaller portion of the Company's revenue to date. The Company currently generates substantially all of its revenue from commissions paid by clients at the time that a home is transacted.

Stock Split

In March 2021, the Company's board of directors and the stockholders of the Company approved a ten -for-one forward stock split of the Company's common stock and convertible preferred stock (collectively, the "Capital Stock"), which became effective on March 19, 2021. The authorized number of each class and series of Capital Stock was proportionally increased in accordance with the ten -for-one stock split and the par value of each class of Capital Stock was adjusted from \$ 0.0001 to \$ 0.00001 as a result of this forward stock split. All common stock, convertible preferred stock, stock options, restricted stock units ("RSUs") and per share information presented within these consolidated financial statements have been adjusted to reflect this forward stock split on a retroactive basis for all periods presented.

Initial Public Offering

On April 6, 2021, the Company completed its initial public offering ("IPO") and the Company's Class A common stock began trading on the New York Stock Exchange on April 1, 2021 under the symbol "COMP". In connection with the IPO, the Company issued and sold 26.3 million shares of its common stock at a public offering price of \$ 18.00 per share. The Company received aggregate proceeds of \$ 438.7 million from the IPO, net of the underwriting discount and offering costs of approximately \$ 11.0 million (of which \$ 0.9 million were paid in 2020). Offering costs, including the legal, accounting, printing and other IPO-related costs have been recorded in Additional paid-in capital against the proceeds from the offering. During April 2021, also in connection with the IPO, all series of the Company's convertible preferred stock then outstanding were converted into 223.0 million shares of common stock and the Company reclassified \$ 1.4 billion of convertible preferred stock to Additional paid-in-capital.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and include the assets, liabilities, revenues and expenses of all controlled subsidiaries. The consolidated statements of operations include the results of entities acquired from the date of each respective acquisition.

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Compass, Inc.

Notes to Consolidated Financial Statements

Consolidation

The Company consolidates an entity if its ownership, direct or indirect, exceeds 50 % of the outstanding voting shares of an entity and/or it has the ability to control the financial or operating policies through its voting rights, board representation or other similar rights. Interests held by third parties in consolidated subsidiaries are presented as non-controlling interests, which represents the non-controlling stockholders' interests in the underlying net assets of the Company's consolidated subsidiaries. For entities where the Company does not have a controlling interest (financial or operating), the investments in such entities are accounted for using the equity method or at fair value with changes in fair value recognized in net income, as appropriate. The Company applies the equity method of accounting when it has the ability to exercise significant influence over operating and financial policies of an investee. The Company measures all other investments at fair value with changes in fair value recognized in net income or in the case that an equity investment does not have readily determinable fair values, at cost minus impairment (if any) plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods covered by the consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are used for, but not limited to (i) valuation of the Company's common stock and stock awards, (ii) fair value of acquired intangible assets and goodwill, (iii) fair value of contingent consideration arrangements in connection with business combinations, (iv) incremental borrowing rate used for the Company's operating leases, (v) useful lives of long-lived assets, (vi) impairment of intangible assets and goodwill, (vii) allowance for Compass Concierge receivables and (viii) income taxes and certain deferred tax assets. The Company determines its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. However, actual results could differ from these estimates and these differences may be material.

Liquidity

Since inception, the Company has primarily generated negative cash flows from operations and has primarily financed operations from net proceeds from the issuance of convertible preferred stock and common stock. In addition, a number of macroeconomic conditions, including rising inflation and rapidly rising mortgage interest rates, have contributed to a slowdown in the U.S. residential real estate market, which has had an adverse impact on the Company's business and may continue to adversely impact the Company's business in the future.

During the years ended December 31, 2023 and 2022, the Company enacted various restructuring actions designed to improve the alignment between the Company's organizational structure and its long-term business strategy, drive cost efficiencies enabled by the Company's technology and other competitive advantages and continue to drive toward profitability and positive free cash flow. As the residential real estate market and related transaction volumes may remain challenging throughout 2024, operating losses and negative cash flows from operations will continue for certain quarterly periods in the foreseeable future. The Company will continue to assess the impact that changing macroeconomic factors and the slowdown of the U.S. residential real estate market, as well as other factors such as litigation risks, will have on its business and may need to adjust its operations, including further operating expense reductions, as necessary. There is no assurance that the Company will be successful in further adjusting its operating expenses to align to the changing real estate market conditions.

As of December 31, 2023 and 2022, the Company held cash and cash equivalents of approximately \$ 166.9 million and \$ 361.9 million, respectively. Additionally, the Company has a Revolving Credit Facility that matures in March 2026, which it can draw upon provided it maintains continued compliance with certain financial and non-financial covenants. As of December 31, 2023, the Company had \$ 306.2 million available to be drawn under the Revolving Credit Facility. Further, the Company was in compliance with each of the financial and non-financial covenants. See Note 9 — "Debt" for further details. The Company's operating cash flows vary depending on the seasonality of the real estate business. The Company believes that it will have sufficient liquidity from cash on hand, its Revolving Credit Facility and future operations to sustain its business operations for the next twelve months and beyond.

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Compass, Inc.

Notes to Consolidated Financial Statements

Segment

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance. As such, the Company has one operating and reportable segment. Substantially all long-lived assets are located in the United States and substantially all revenue is attributed to sellers and buyers based in the United States.

Net Loss Per Share Attributable to Compass, Inc.

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net loss per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. Prior to conversion in connection with the IPO, the Company's convertible preferred stock contractually entitled the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

For periods in which the Company reports net losses, diluted net loss per common share attributable to Compass, Inc. is the same as basic net loss per common share attributable to Compass, Inc., because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Foreign Currency

The Company established its first foreign subsidiary in India in 2020. The functional currency of the entity is U.S. dollars. Transactions denominated in currencies other than the functional currency are remeasured to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured at period-end using the period-end exchange rate. Realized and unrealized gains and losses from foreign exchange were immaterial for the years ended December 31, 2023, 2022 and 2021.

Cash and Cash Equivalents

The Company considers all investments with an original maturity date at the time of purchase of three months or less to be cash and cash equivalents. Cash equivalents consist primarily of money market funds and U.S. treasury securities. The Company's accounts, at times, may exceed federally insured limits.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is stated as the amount billed, net of an estimated allowance for credit losses ("ACL"). The Company's ACL is adjusted periodically and is based on management's consideration of the age and nature of the past due accounts as well as specific payment issues. Changes in the Company's estimate to the ACL is recorded through bad debt expense and individual accounts are charged against the allowance when all reasonable collection efforts are exhausted. The following table summarizes the activity of the ACL for Accounts receivable (in millions):

	December 31,	
	2023	2022
Opening balance	\$ 9.0	\$ 7.1
Allowances	3.6	5.5
Net write-offs and other	(4.0)	(3.6)
Closing balance	<u><u>\$ 8.6</u></u>	<u><u>\$ 9.0</u></u>

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Compass, Inc.

Notes to Consolidated Financial Statements

Prepaid Agent Incentives

Other current assets and Other non-current assets in the consolidated balance sheets include prepaid agent incentives that represent cash payments made to certain agents as an incentive to associate their license with the Company. The prepaid agent incentives have a related service period requirement which provides for the repayment of such amounts if the agent disassociates from the Company prior to the completion of the specified service period. The value of these prepaid agent incentives are amortized within Sales and marketing expense in the consolidated statements of operations over the underlying service periods.

Property and Equipment, net

Property and equipment is reported at cost net of any accumulated depreciation and is depreciated using the straight-line method over the useful lives of the related assets. Expenditures for maintenance, repair and renewals of minor items are charged to expense as incurred. Major improvements are capitalized.

The Company capitalizes costs associated with developing software systems that are in the application development stage. Software development costs that are incurred in the preliminary project stage and post-implementation stage are expensed as incurred.

The useful lives of property and equipment are as follows:

Description	Useful Life
Leasehold improvements	Lesser of estimated useful life or remaining lease term
Office furniture and equipment	Five years
Computer software and internally-developed software	Three years
Computer equipment	Three years

Business Combinations

Business combinations are accounted for under the acquisition method of accounting. This method requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes estimates and assumptions, especially with respect to intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, consisting primarily of third-party legal and consulting fees, are expensed as incurred.

Intangible Assets

Intangible assets resulting from the acquisition of entities are accounted for using the acquisition method based on management's estimate of the fair value of assets received. Intangible assets are finite lived and mainly consist of customer relationships, workforce and acquired technology and are amortized over their respective estimated useful lives. The useful lives were determined by estimating future cash flows generated by the acquired intangible assets. The Company amortizes these intangible assets on a straight-line basis over their estimated useful lives within the Company's operating expenses.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets or asset groups (collectively, "asset groups") may not be recoverable. This includes but is not limited to significant adverse changes in business climate, market conditions, or other events that indicate an asset groups' carrying

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Compass, Inc.

Notes to Consolidated Financial Statements

amount may not be recoverable. Recoverability of asset groups to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset group. If such asset groups were considered to be impaired, an impairment loss would be recognized when the carrying amount of the asset exceeds the fair value of the asset.

No material impairment losses for long-lived assets have been recognized in any of the periods presented.

Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of the assets acquired at the date of acquisition. Goodwill is not subject to amortization but is subject to impairment testing on an annual basis, as of October 1, or whenever events and circumstances indicate that the carrying value of the reporting unit may be in excess of the reporting unit's fair value. The Company has one reporting unit and tests goodwill for impairment at the reporting unit level. As part of the goodwill impairment test, the Company first performs a qualitative assessment to determine whether further impairment testing is necessary. If, as a result of its qualitative assessment, it is more-likely-than-not that the fair value of the Company's reporting unit is less than its carrying amount, a two-step impairment test is required.

If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment and the fair value of the reporting unit is determined by analyzing the expected present value of future cash flows. If the carrying value of the reporting unit continues to exceed its fair value, the implied fair value of the reporting unit's goodwill is calculated and an impairment loss equal to the excess is recorded. The Company has not recorded any impairments related to goodwill as of December 31, 2023.

Leases

The Company determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the Company controls the use of the identified asset throughout the period of use. The Company classifies leases as either financing or operating. The Company does not have any finance leases. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term.

Present value of lease payments are discounted based on the more readily determinable of (i) the rate implicit in the lease or (ii) the Company's incremental borrowing rate. Because the Company's operating leases generally do not provide an implicit rate, the Company estimates its incremental borrowing rate based on the information available at lease commencement date for collateralized borrowings with a similar term, an amount equal to the lease payments and in a similar economic environment where the leased asset is located. The collateralized borrowings were based on the Company's estimated credit rating corroborated with market credit metrics like debt level and interest coverage.

The Company's operating lease ROU assets are measured based on the corresponding operating lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of the Company's ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the Company's long-lived asset policy.

The Company does not allocate consideration between lease and non-lease components, such as maintenance costs, as the Company has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for real estate taxes, insurance, maintenance and utilities, which are generally based on the Company's pro rata share of the total property, are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

Operating leases are presented separately as operating lease ROU assets and operating lease liabilities, current and non-current, in the accompanying consolidated balance sheets.

Compass, Inc.
Notes to Consolidated Financial Statements

Revenue Recognition

The Company generates revenue by assisting home sellers and buyers in listing, marketing, selling and finding homes. The Company holds the real estate brokerage license that is necessary under relevant state laws and regulations to provide brokerage services and therefore controls those services that are necessary to legally transfer real estate between home sellers and buyers.

Although the Company's agents are independent contractors, they cannot execute a real estate transaction without a brokerage license, which the Company possesses. The Company has the only contractual relationship for the sale or exchange of real estate with their clients. Accordingly, the Company is the principal in its transactions with home buyers and sellers. As principal, the Company recognizes revenue in the gross amount of consideration to which the Company expects to receive in exchange for those services.

The Company concluded that its brokerage revenue contains a single performance obligation that is satisfied upon the closing of a real estate services transaction, at which point the entire transaction price is earned. Revenue is recognized upon the closing of a real estate transaction (i.e. purchase or sale of a home) since the Company is not entitled to any commission until the performance obligation is satisfied and is not owed any commission for unsuccessful transactions, even if services have been provided. The Company operates exclusively in the United States and generates substantially all of its revenue from commissions from home sellers and buyers. In addition to commission revenue, the Company generates revenue through integrated services related to the home transaction such as title and escrow services which comprised an immaterial amount of the consolidated revenue for the years ended December 31, 2023, 2022 and 2021.

Management evaluated and determined that no disaggregation of revenue is necessary or appropriate.

As the Company generally bills for its services at the time of revenue recognition, the Company does not have material deferred revenue or contract asset balances. In addition, the Company does not capitalize commissions paid to agents as incremental contract costs as there are no future benefits associated with the expenses.

Commissions and Other Related Expense

Commissions and other related expense primarily consist of commissions paid to the Company's agents, who are independent contractors to the Company, upon the closing of a real estate transaction (i.e., purchase or sale of a home), as well as stock-based compensation expense related to the Company's Agent Equity Program (see Note 2 — "Summary of Significant Accounting Policies — Stock-Based Compensation") and fees paid to external brokerages for client referrals, which are recognized and paid upon the closing of a real estate transaction.

The Company also charges fees to affiliated agents. These fees are either transaction based, where amounts are collected at the closing of a brokerage transaction, or in the form of periodic fixed fees over a defined period of time. Fees charged to affiliated agents are recognized as a reduction to Commissions and other related expense as the reimbursements do not constitute a form of revenue nor do they constitute a reimbursement for a specific, incremental, identifiable cost for the Company.

Sales and Marketing

Sales and marketing expense consists primarily of marketing and advertising expenses, compensation and other personnel-related costs for employees supporting sales, marketing, expansion and related functions, occupancy-related costs for the Company's regional offices, agent acquisition incentives and costs related to administering the Compass Concierge Program, including associated bad debt expenses. Advertising expense primarily includes the cost of marketing activities such as print advertising, online advertising and promotional items, which are expensed as incurred. Advertising costs were \$ 96.6 million, \$ 147.1 million and \$ 118.1 million for the years ended December 31, 2023, 2022 and 2021, respectively. Compensation costs includes salaries, taxes, benefits, bonuses and stock-based compensation.

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Compass, Inc.
Notes to Consolidated Financial Statements

Operations and Support

Operations and support expenses include compensation and other personnel related expenses for employees supporting agents, third-party consulting and professional services costs, fair value adjustments to contingent consideration for the Company's acquisitions and other related expenses.

Research and Development

Research and development expense consists primarily of compensation and other personnel-related costs for employees in the product, engineering and technology functions, website hosting expenses, software licenses and equipment, third-party consulting costs, data licenses and other related expenses.

General and Administrative

General and administrative expense primarily consists of compensation costs for executive management and administrative employees, including finance and accounting, legal, human resources and communications, the occupancy costs for the Company's New York headquarters and other offices supporting administrative functions, professional services fees, insurance expenses and talent acquisition expenses.

Restructuring

Costs and liabilities associated with management-approved restructuring activities are recognized when they are incurred. Restructuring charges primarily consist of costs associated with a workforce reduction and operating lease right-of-use asset impairments. One-time employee termination costs are recognized at the time of communication to employees, unless future service is required, in which case the costs are recognized ratably over the future service period. Ongoing employee termination benefits are recognized as a liability when it is probable that a liability exists and the amount is reasonably estimable. Restructuring charges are recognized as an operating expense within the consolidated statements of operations and related liabilities are recorded within Accrued expenses and other liabilities on the consolidated balance sheets. The Company periodically evaluates and, if necessary, adjusts its estimates based on currently available information.

Depreciation and Amortization

Depreciation and amortization expense primarily consists of depreciation and amortization of the Company's property and equipment, capitalized software and acquired intangible assets.

Interest Expense

Interest expense consists primarily of expense related to the interest, commitment fees and amortization of debt issuance costs associated with the Company's revolving credit facility and concierge credit facility. See Note 9 — "Debt."

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to settle. The effect on deferred tax assets and liabilities resulting from a change in tax rates is recognized as income or expense in the period that includes the enactment date. Deferred tax assets and liabilities are classified as non-current in accordance with Accounting Standard Update ("ASU") 2015-17. Valuation allowances are established against deferred tax assets if it is more likely than not that they will not be realized.

The Company recognizes tax benefits from uncertain tax positions only if the Company believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company continuously reviews issues raised in connection with ongoing examinations and open tax years to evaluate the adequacy of its tax liabilities. The Company's policy is to adjust these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in

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Compass, Inc.

Notes to Consolidated Financial Statements

which such determination is made and could have a material impact on its financial condition and operating results. The provision for income taxes includes the effects of any reserves that management identifies.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date. The accounting standards also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs that are supported by little or no market activity, requiring the Company to develop its own assumptions.

The carrying amount of the Company's financial instruments including Cash and cash equivalents, Accounts receivable, Compass Concierge receivables, Accounts payable and Commissions payable approximate their respective fair values because of their short maturities. As of December 31, 2023 and 2022, the carrying amount of the Company's debt facilities approximates fair value as the stated interest rate approximates market rates currently available to the Company.

See Note 5 — "Fair Value of Financial Assets and Liabilities," for more information on the fair value of financial assets and liabilities.

Stock-Based Compensation

The Company measures compensation expense for all stock-based awards based on the estimated fair value of the awards on the date of grant. Compensation expense is generally recognized as expense on a straight-line basis over the service period based on the vesting requirements. The Company recognizes forfeitures as they occur.

For stock options, which the Company issues to employees, affiliated agents and in certain cases in connection with business combinations, the Company generally estimates the fair value using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including (1) the fair value of common stock, (2) the expected stock price volatility, (3) the expected term of the award, (4) the risk-free interest rate and (5) expected dividends.

The Company also issues RSUs to employees, affiliated agents and in certain cases in connection with business combinations. In addition to the issuance of RSUs to agents as equity compensation for the provision of services, the Company offered RSUs to affiliated agents through its Agent Equity Program. The Agent Equity Program offered affiliated agents the ability to elect to have a portion of their commissions earned during a calendar year to be paid in the form of RSUs. RSUs issued in connection with the Agent Equity Program were granted at the beginning of the year following the calendar year in which the commissions were earned and are subject to the terms and conditions of the 2012 Stock Incentive Plan and the 2021 Equity Incentive Plan, as applicable. The Company discontinued the Agent Equity Program following the issuance of RSUs during the first quarter of 2023 related to the 2022 Agent Equity Program.

The Company's RSUs granted prior to December 2020 generally vest based upon the satisfaction of both a service-based condition and a liquidity event-based condition. The service-based vesting condition for these awards is generally satisfied over four years, except for the RSUs associated with the 2020 Agent Equity Program which vested immediately on the date of issuance. The liquidity event-based vesting condition is satisfied on the occurrence of a qualifying event, generally defined as a change in control or the effective date of the registration statement for the Company's IPO. The fair value of these RSUs was measured based on the fair value of the Company's common stock on the grant date and was recognized as expense when both the required service-based vesting condition and the liquidity event-based vesting condition were achieved using the accelerated attribution method. The liquidity event-based vesting requirement was met on March 31, 2021, the effective date of the Company's registration statement, see Note 1 —"Business—Initial Public Offering."

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Compass, Inc. **Notes to Consolidated Financial Statements**

In December 2020, the Company began issuing RSUs that vest upon the satisfaction of only a service-based vesting condition that generally ranges from one to five years. The fair value of these RSUs is measured based on the fair value of the Company's common stock on the grant date and will be recognized as expense on a straight-line basis as the required service-based vesting condition is satisfied. Any vested RSUs that require only a service-based vesting condition will convert to common stock following vesting and their prescribed delayed settlement periods.

For RSUs granted in connection with the 2021 and 2022 Agent Equity Programs, the Company determined the value of the stock-based compensation expense at the time the underlying commission was earned and recognized the associated expense on a straight-line basis over the requisite service periods beginning on the closing date of the underlying real estate commission transactions. The stock-based compensation expense was recorded as a liability throughout the service periods and was reclassified to Additional paid-in capital at the end of the vesting period when the underlying RSUs were issued.

On a limited basis, the Company has issued stock options and RSUs that contain service, performance and market-based vesting conditions. Such awards were valued using a Monte Carlo simulation and the underlying expense will be recognized as the associated vesting conditions are met.

Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The guidance amends ASC 805 to require acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendment is effective for public companies with fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendment should be applied prospectively to business combinations occurring on or after the effective date. The Company adopted this standard as of January 1, 2023 and the adoption did not have a material impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326) - Troubled Debt Restructurings and Vintage Disclosures*, which requires enhanced disclosure of certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty while eliminating certain current recognition and measurement accounting guidance. This ASU also requires the disclosure of current-period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this standard as of January 1, 2023 and the adoption did not have a material impact on the Company's consolidated financial statements.

New Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. An update was also issued expanding the scope of this guidance. The guidance provides optional expedients and exceptions for applying GAAP to contracts or other transactions affected by reference rate reform if certain criteria are met. The guidance was issued on March 12, 2020 and may be applied prospectively through December 31, 2022. On December 21, 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848) - Deferral of the Sunset Date of Topic 848*, which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company has evaluated applicable contracts and transactions and determined the standard did not have a material impact on the Company's consolidated financial statements.

3. Business Combinations and Asset Acquisitions

Assets acquired and liabilities assumed in business combinations are recognized at their acquisition date fair values. Determination of the fair values of assets and liabilities acquired requires estimates and the use of valuation techniques when market values are not readily available. The results of operations of businesses acquired by the Company have been included in the consolidated statements of operations since their respective dates of acquisition. Goodwill generated from all business combinations completed was primarily attributable to expected synergies from future growth and potential monetization opportunities.

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Compass, Inc.
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2023 Acquisitions

During the year ended December 31, 2023, the Company completed the acquisition of 100 % of the ownership interests in two residential real estate brokerages and acquired the assets of a smaller residential real estate brokerage. The purpose of these acquisitions was to expand the Company's existing brokerage business in key domestic markets. The Company has accounted for these transactions as business combinations.

The consideration for the acquisitions completed during the year ended December 31, 2023 is primarily comprised of \$ 6.8 million in the Company's Class A common stock, \$ 1.1 million of cash paid at closing, an additional \$ 1.0 million to be paid at a later date and an estimated \$ 14.0 million of additional Class A common stock and cash that may be paid contingent on certain earnings-based targets being met at various payment dates through 2033. Payments in excess of the original estimate may impact the Company's statement of operations in future periods. The future consideration amounts were recorded as Accrued expenses and other current liabilities and Other non-current liabilities in the consolidated balance sheet.

The fair value of the assets acquired and the liabilities assumed primarily resulted in the recognition of: \$ 10.8 million of customer relationships; \$ 4.7 million of other current and non-current assets; and \$ 6.1 million of other current and non-current liabilities. The excess of the aggregate purchase price over the aggregate fair value of the acquired net assets was recorded as goodwill of \$ 11.4 million. The acquired customer relationships are being amortized over the estimated useful lives of approximately 5 years.

Approximately \$ 0.6 million of the goodwill recorded during the year ended December 31, 2023 is deductible for tax purposes. The amount of tax-deductible goodwill may increase in the future to approximately \$ 8.7 million dependent on the payment of certain contingent consideration, holdback and acquisition-related compensation arrangements. These amounts are not expected to have an impact on the income tax provision while the Company maintains a full valuation allowance on its U.S. deferred tax assets.

The Company has recorded the preliminary purchase price allocation as of the acquisition dates and expects to finalize its analysis within the measurement period (up to one year from the acquisition date) of the respective transactions. Any adjustments during the measurement period would have a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, any subsequent adjustments are recorded to the consolidated statements of operations.

Pro forma revenue and earnings for 2023 acquisitions have not been presented because they are not material to the Company's consolidated revenue and results of operations, either individually or in the aggregate.

2022 Acquisitions

During the year ended December 31, 2022, the Company completed the acquisition of 100 % of the ownership interests in a title insurance and escrow settlement services company and acquired the assets of a small real estate brokerage. The purpose of these acquisitions was to expand the Company's title and escrow offerings and to expand its existing brokerage business in key domestic markets. The Company has accounted for these acquisitions as business combinations.

The total consideration for acquisitions completed during the year ended December 31, 2022 comprised \$ 12.1 million of cash, net of cash acquired, \$ 0.8 million in Class A common stock of the Company and an estimated \$ 3.6 million of additional cash that may be paid contingent on certain earnings-based targets being met through 2029. Future cash payments were recorded as Accrued expenses and other current liabilities and Other non-current liabilities in the consolidated balance sheets.

The fair value of the assets acquired and the liabilities assumed primarily resulted in the recognition of: customer relationships of \$ 8.1 million; trademark intangible assets of \$ 1.1 million; \$ 1.0 million of other current and non-current assets; and \$ 2.5 million of current and non-current liabilities. The excess of the purchase price over the fair value of the acquired net assets was recorded as goodwill of \$ 8.8 million. Acquired intangible assets are being amortized over their estimated useful lives of approximately 3 to 5 years.

None of the goodwill recorded during the year ended December 31, 2022 is deductible for tax purposes. The amount of tax-deductible goodwill may increase in the future to approximately \$ 2.6 million dependent on the payment of certain

Compass, Inc.
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contingent consideration, holdbacks and acquisition-related compensation arrangements. These amounts are not expected to have an impact on the income tax provision while the Company maintains a full valuation allowance on its U.S. deferred tax assets.

Pro forma revenue and earnings for 2022 acquisitions have not been presented because they are not material to the Company's consolidated revenue and results of operations, either individually or in the aggregate.

2021 Acquisitions

During the year ended December 31, 2021, the Company completed several business acquisitions including the acquisition of 100 % of the ownership interests in KVS Title, LLC, a title insurance and escrow settlement services company, Glide Labs, Inc., a real estate technology company, Randall Family of Companies, a group of Southern Coastal New England residential real-estate brokerage entities, three additional small real estate brokerages and three additional small title insurance and escrow settlement services companies. The purpose of these acquisitions was to expand the Company's title and escrow offerings, to grow the Company's transaction management tools included in its end-to-end real estate platform, and to expand its existing brokerage business in key domestic markets.

During 2021, the Company completed two asset acquisitions of smaller residential real estate brokerages in connection with ongoing agent recruitment efforts in key domestic markets. The consideration for these two acquisitions comprised \$ 13.2 million in cash, net of cash acquired, \$ 5.8 million in the Company's Class A common stock and an estimated \$ 3.4 million of additional cash that may be paid contingent on certain earnings-based targets being met. During the year ended December 31, 2021, the Company recorded net assets of \$ 23.9 million primarily comprised of customer relationships. Such amounts are also included in the tables below.

The following table summarizes the aggregate fair value of the components of the purchase consideration, as of the respective dates of each of the business combinations and asset acquisitions (in millions):

Cash paid at closing	\$ 148.6
Class A common stock issued	5.8
Cash to be paid after closing	21.8
Contingent consideration	5.6
Non-controlling interest	3.8
	<hr/>
	\$ 185.6

The following table summarizes the allocations of the purchase price for the business combinations and asset acquisitions (in millions):

Cash and cash equivalents	\$	11.2
Other current assets		4.1
Property and equipment		2.5
Goodwill ⁽¹⁾		68.5
Operating lease right-of-use assets		12.8
Intangible assets ⁽²⁾		
Acquired Technology		5.5
Customer relationships		90.7
Trademarks		11.3
Total assets	\$	206.6
Total liabilities	\$	(21.0)
Net assets	\$	185.6

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(1) Approximately \$ 59.0 million of the goodwill is deductible for tax purposes. These amounts are not expected to have an impact on the income tax provision while the Company maintains a full valuation allowance on its domestic deferred tax assets.

(2) The identified intangible assets have a useful life of 2 - 9 years.

Pro forma revenue and earnings for 2021 acquisitions have not been presented because they do not have a material impact to the Company's consolidated revenue and results of operations, either individually or in the aggregate.

Contingent Consideration

Contingent consideration represents obligations of the Company to transfer cash and common stock to the sellers of certain acquired businesses in the event that certain targets and milestones are met. As of December 31, 2023, the undiscounted estimated payment under these arrangements was \$ 31.8 million. Changes in contingent consideration measured at fair value on a recurring basis were as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Opening balance	\$ 14.0	\$ 24.4	\$ 39.8
Acquisitions	14.0	3.6	5.6
Fair value losses (gains) included in net loss	2.6	(2.2)	(4.7)
Payments	(9.7)	(11.8)	(16.3)
Closing balance	<u>\$ 20.9</u>	<u>\$ 14.0</u>	<u>\$ 24.4</u>

Other Acquisition Related Compensation

In connection with the Company's acquisitions, a portion of the cash and equity consideration amounts paid or to be paid to the selling shareholders are subject to clawback and forfeiture dependent on certain employees and agents providing continued service to the Company. Accordingly, this consideration is accounted for as compensation for future services and the Company recognizes the expenses over the underlying retention periods. As of December 31, 2023, the Company expects to pay an additional \$ 2.9 million in future cash consideration to sellers in connection with these arrangements. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$ 0.6 million, \$ 13.4 million and \$ 28.6 million, respectively, in compensation expense within Operations and support in the accompanying consolidated statements of operations related to these arrangements.

4. Joint Venture

In July 2021, the Company and Guaranteed Rate, Inc. ("Guaranteed Rate") formed a joint venture, OriginPoint, LLC ("OriginPoint"), a new mortgage origination company. OriginPoint was formed for the purpose of conducting a mortgage origination and lending business and providing related services for the Company's real estate brokerage clients, as well as the clients of any other brokerage in the context of a new purchase or other customers not working with a brokerage in the context of a refinancing, in order to make loans available to a broad consumer audience. OriginPoint will originate, process, underwrite, close and/or fund mortgage loans for sale, transfer and assignment to investors and eligible wholesale lenders, including affiliates, or effect any other secondary market transactions related to such mortgage loans. OriginPoint began originating mortgages in December 2021.

OriginPoint is owned 49.9 % by the Company and 50.1 % by Guaranteed Rate. The Company and Guaranteed Rate each contributed capital of \$ 5.0 million when OriginPoint was formed in July 2021. The Company has contributed \$ 1.2 million and \$ 15.0 million of additional capital during the year ended December 31, 2023 and 2022. The Company is accounting for OriginPoint as an equity method investment and will record its equity earnings or losses related to OriginPoint within Equity in loss of unconsolidated entity in the consolidated statements of operations.

The Company's investment in OriginPoint had a balance of \$ 4.4 million at December 31, 2023 and is included within Other non-current assets on the accompanying consolidated balance sheet. The Company recorded equity losses of \$ 3.3 million, \$ 12.2 million and \$ 1.3 million during the years ended December 31, 2023, 2022 and 2021, respectively. No dividends were received by the Company during the years ended December 31, 2023 and 2022.

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OriginPoint has established and maintains its own warehouse lines of credit, and it funds its own mortgage loan transactions from these independent sources. The warehouse lines maintained by OriginPoint are collateralized by the underlying mortgages available for sale and are non-recourse to Compass.

5. Fair Value of Financial Assets and Liabilities

The Company's cash and cash equivalents of \$ 166.9 million and \$ 361.9 million as of December 31, 2023 and 2022, respectively, are held in cash, money market funds and U.S. treasury securities which are classified as Level 1 within the fair value hierarchy because they are valued using quoted prices in active markets. These are the Company's only Level 1 financial instruments. The Company does not hold any Level 2 financial instruments. The Company's contingent consideration liabilities of \$ 20.9 million and \$ 14.0 million as of December 31, 2023 and 2022, respectively, are the Company's only Level 3 financial instruments.

See Note 3 — “Business Combinations and Asset Acquisitions” for changes in contingent consideration during the years ended December 31, 2023, 2022 and 2021. The following tables present the balances of contingent consideration as presented in the consolidated balance sheets (in millions):

	December 31,	
	2023	2022
Accrued expenses and other current liabilities	\$ 4.5	\$ 10.0
Other non-current liabilities	16.4	4.0
Total contingent consideration	\$ 20.9	\$ 14.0

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the periods presented.

6. Property and Equipment, Net

Property and equipment, net consisted of the following (in millions):

	December 31,	
	2023	2022
Leasehold improvements	\$ 186.7	\$ 192.3
Office furniture and equipment	36.9	37.1
Computer software and internally-developed software	42.7	37.9
Computer equipment	26.7	32.3
	292.9	299.6
Less: accumulated depreciation	(141.3)	(107.1)
Property and equipment, net	\$ 151.7	\$ 192.5

The Company recorded depreciation expense related to property and equipment of \$ 57.1 million, \$ 48.2 million and \$ 38.5 million for the years ended December 31, 2023, 2022 and 2021, respectively which includes \$ 12.3 million, \$ 9.4 million and \$ 6.0 million, respectively, related to capitalized internally-developed software.

The Company capitalized internally-developed software costs of \$ 5.7 million and \$ 17.0 million during the years ended December 31, 2023 and 2022, respectively.

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7. Goodwill and Intangible Assets, Net

The following table summarizes the changes in the carrying amount of goodwill (in millions):

	Amount
Balance at December 31, 2021	\$ 188.3
Acquisitions	8.8
Measurement period adjustments	1.3
Balance at December 31, 2022	198.4
Acquisitions	11.4
Balance at December 31, 2023	<u><u>\$ 209.8</u></u>

The following table summarizes the carrying amounts and accumulated amortization of intangible assets (in millions, except weighted-average remaining useful life):

	December 31, 2023				
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Value	Weighted Average Remaining Useful Life (Years)
Finite-lived intangible assets:					
Customer relationships	2 - 9 years	\$ 160.1	\$ (92.0)	\$ 68.1	2.9
Acquired technology	5 years	5.5	(2.9)	2.6	2.3
Trademarks	2 - 9 years	12.5	(5.9)	6.6	4.2
Indefinite-lived intangible assets:					
Domain name		0.3	—	0.3	n/a
Total		<u><u>\$ 178.4</u></u>	<u><u>\$ (100.8)</u></u>	<u><u>\$ 77.6</u></u>	

	December 31, 2022				
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Value	Weighted Average Remaining Useful Life (Years)
Finite-lived intangible assets:					
Customer relationships	2 - 9 years	\$ 155.2	\$ (68.6)	\$ 86.6	3.4
Acquired technology	5 years	5.5	(1.8)	3.7	3.3
Trademarks	2 - 9 years	13.0	(4.3)	8.7	4.9
Indefinite-lived intangible assets:					
Domain name		0.3	—	0.3	n/a
Total		<u><u>\$ 174.0</u></u>	<u><u>\$ (74.7)</u></u>	<u><u>\$ 99.3</u></u>	

Amortization expense was \$ 32.9 million, \$ 38.1 million and \$ 25.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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Estimated future amortization expense for finite-lived intangible assets as of December 31, 2023 is as follows (in millions):

2024	\$ 31.2
2025	24.9
2026	12.4
2027	6.0
2028	2.0
Thereafter	0.8
Total	\$ 77.3

8. Other Current Assets and Accrued Expenses and Other Current Liabilities

Other current assets consisted of the following (in millions):

	December 31,	
	2023	2022
Prepaid agent incentives	\$ 22.2	\$ 48.4
Other	32.3	28.1
Other current assets	\$ 54.5	\$ 76.5

Accrued expenses and other current liabilities consisted of the following (in millions):

	December 31,	
	2023	2022
Agent equity program	\$ —	\$ 41.7
Accrued compensation	43.3	50.4
Other	47.5	72.8
Accrued expenses and other current liabilities	\$ 90.8	\$ 164.9

9. Debt

Concierge Credit Facility

In July 2020, the Company entered into a Revolving Credit and Security Agreement (the "Concierge Facility") with Barclays Bank PLC, as administrative agent, and the several lenders party thereto, which was subsequently amended on July 29, 2021, August 5, 2022 and August 4, 2023. The Concierge Facility provides for a \$ 75.0 million revolving credit facility and is solely used to finance, in part, the Company's Compass Concierge Program. The Concierge Facility is secured primarily by the Concierge Receivables and cash of the Compass Concierge Program.

Borrowings under the Concierge Facility bear interest at the term SOFR rate plus a margin of 2.75 %. The two year commitment fee is 0.35 % if the Concierge Facility is utilized greater than 50 % and 0.50 %, if the Concierge Facility is utilized less than 50 %. On August 4, 2023, the revolving period under the Concierge Facility was extended to August 3, 2025. The interest rate on the Concierge Facility was 8.93 % as of December 31, 2023. Pursuant to the Concierge Facility, the principal amount, if any, is payable in full in January 2026, unless earlier terminated or extended.

The Company has the option to repay the borrowings under the Concierge Facility without premium or penalty prior to maturity. The Concierge Facility contains customary affirmative covenants, such as financial statement reporting requirements, as well as covenants that restrict the Company's ability to, among other things, incur additional indebtedness, sell certain receivables, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions. Additionally, in the event that the Company fails to comply with certain financial covenants that require the Company to meet certain liquidity-based measures, the commitments under the Concierge Facility will automatically be

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reduced to zero and the Company will be required to repay any outstanding loans under the Concierge Facility. As of December 31, 2023, the Company was in compliance with the covenants under the Concierge Facility.

The Concierge Facility includes customary events of default that include, among other things, nonpayment of principal, interest or fees, inaccuracy of representations and warranties, violation of certain covenants, bankruptcy and insolvency events, material judgments and change of control. The occurrence of an event of default could result in the acceleration of the obligations and/or the increase in the applicable interest rate under the Concierge Facility.

Revolving Credit Facility

In March 2021, the Company entered into a Revolving Credit and Guaranty Agreement (the "Revolving Credit Facility") with Barclays Bank PLC, as administrative agent and as collateral agent (the "Administrative Agent"), and certain other lenders, which was subsequently amended on May 1, 2023. The Revolving Credit Facility provides for a \$ 350.0 million revolving credit facility, subject to the terms and conditions of the Revolving Credit Facility. The Revolving Credit Facility also includes a letter of credit sublimit which is the lesser of (i) \$ 125.0 million and (ii) the aggregate unused amount of the revolving commitments then in effect under the Revolving Credit Facility. The Company's obligations under the Revolving Credit Facility are guaranteed by certain of the Company's subsidiaries and are secured by a first priority security interest in substantially all of the assets of the Company and the Company's subsidiary guarantors.

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either (i) a floating rate per annum equal to the base rate plus a margin of 0.50 % or (ii) a rate per annum equal to the secured overnight financing rate ("SOFR") plus a margin of 1.50 %. The base rate is equal to the highest of (a) the prime rate as quoted by The Wall Street Journal, (b) the federal funds effective rate plus 0.50 %, (c) the SOFR term rate for a one-month interest period plus 1.00 % and (d) 1.00 %. The SOFR term rate is determined by the Administrative Agent as the forward-looking term rate plus a 0.10 % adjustment. During an event of default under the Revolving Credit Facility, the applicable interest rates are increased by 2.0 % per annum.

The Company is also obligated to pay other customary fees for a credit facility of this type, including a commitment fee on a quarterly basis based on amounts committed but unused under the Revolving Credit Facility of 0.175 % per annum, fees associated with letters of credit and administrative and arrangement fees. The principal amount, if any, is payable in full in March 2026, unless earlier terminated or extended.

The Company has the option to repay the Company's borrowings, and to permanently reduce the loan commitments in whole or in part, under the Revolving Credit Facility without premium or penalty prior to maturity. As of December 31, 2023, there were no borrowings outstanding under the Revolving Credit Facility and outstanding letters of credit under the Revolving Credit Facility totaled approximately \$ 43.8 million.

The Revolving Credit Facility contains customary representations, warranties, financial covenants applicable to the Company and its restricted subsidiaries, affirmative covenants, such as financial statement reporting requirements, and negative covenants which restrict their ability, among other things, to incur liens and indebtedness, make certain investments, declare dividends, dispose of, transfer or sell assets, make stock repurchases and consummate certain other matters, all subject to certain exceptions. The financial covenants require that (i) the Company maintains liquidity of at least \$ 150.0 million as of the last day of each fiscal quarter and each date of a credit extension and (ii) the Company's consolidated total revenue as of the last day of each fiscal quarter be equal to or greater than the specified amount corresponding to such period. The minimum required consolidated revenue threshold for the trailing four fiscal quarters is \$ 3,799.0 million during 2023 and \$ 4,668.0 million thereafter. As of December 31, 2023, the Company was in compliance with the financial covenants under the Revolving Credit Facility.

The Revolving Credit Facility includes customary events of default that include, among other things, nonpayment of principal, interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments, change of control and certain material ERISA events. The occurrence of an event of default could result in the acceleration of the obligations under the Revolving Credit Facility.

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10. Leases

The components of lease costs for operating leases for the years ended December 31, 2023, 2022 and 2021 was as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Operating lease costs	\$ 109.8	\$ 113.7	\$ 102.3
Short-term lease costs	3.5	7.3	7.2
Sublease income	(5.1)	(3.7)	(3.2)
Variable lease costs	37.6	35.4	29.0
Total	\$ 145.8	\$ 152.7	\$ 135.3

The Company has a small population of subleases whereby it acts as a lessor and has recognized sublease income as noted in the table above. The impact of this portfolio is not material to the consolidated financial statements.

For the years ended December 31, 2023, 2022 and 2021, the Company recognized lease costs, net of sublease income, of \$ 138.5 million, \$ 141.5 million and \$ 124.3 million, respectively, in Sales and marketing expenses and \$ 7.3 million, \$ 11.2 million and \$ 11.0 million, respectively, in General and administrative expenses in the consolidated statements of operations.

Supplemental cash flow information related to leases was as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities:			
Operating cash flows used in operating leases	\$ 126.9	\$ 118.8	\$ 106.3
Supplemental disclosure of non-cash leasing activities:			
ROU assets obtained in exchange for new operating lease liabilities	\$ 25.3	\$ 94.7	\$ 137.1

The following table represents the weighted-average remaining lease term and discount rate for the Company's operating leases:

	December 31,	
	2023	2022
Weighted average remaining lease term (years)	5.9	6.5
Weighted average discount rate	4.9 %	4.6 %

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Future undiscounted lease payments for the Company's operating lease liabilities are as follows as of December 31, 2023 (in millions):

2024	\$ 121.2
2025	106.7
2026	93.3
2027	78.6
2028	69.4
Thereafter	120.0
Total future lease payments	589.2
Less: imputed interest	(80.1)
Present value of lease liabilities	\$ 509.1

As of December 31, 2023, the Company had additional operating leases that have not yet commenced with future undiscounted lease payments of approximately \$ 10.0 million payable through 2031, which have been excluded from above.

11. Commitments and Contingencies

Legal Proceedings

From time to time, the Company may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. When the Company determines that a loss is both probable and reasonably estimable, a liability is recorded and disclosed if the amount is material to the Company's business taken as a whole. When a material loss contingency is only reasonably possible, the Company does not record a liability, but instead discloses the nature and the amount of the claim and an estimate of the loss or range of loss, if such an estimate can reasonably be made. Legal costs related to the defense of loss contingencies are expensed as incurred.

Claims or regulatory actions against the Company, whether meritorious or not, could have an adverse impact on the Company due to legal costs, diversion of management resources and other elements. Except as identified with respect to the matters below, the Company does not believe that the outcome of any individual existing legal or regulatory proceeding to which it is a party will have a material adverse effect on its results of operations, financial condition or overall business in each case, taken as a whole.

The Company and its subsidiaries have been named as defendants in ten putative class action lawsuits (the "Antitrust Lawsuits") that allege, among other things, violations of Section 1 of the Sherman Act, 15 U.S.C. § 1.

Five of the putative class action lawsuits, captioned Gibson, et al. v. National Association of Realtors, et al., No. 4:23-cv-00788-FJG (W.D. Mo.) ("Gibson"), filed on October 31, 2023, Grace v. National Association of Realtors, et al., No. 3:23-cv-06352 (N.D. Cal.) ("Grace"), filed on December 8, 2023, Umpa, et al. v. National Association of Realtors, et al., 4:23-cv-00945 (W.D. Mo.) ("Umpa"), filed on December 27, 2023, Fierro, et al. v. National Association of Realtors, et al., Case No. 2:24-cv-00449 (C.D. Cal.) ("Fierro"), filed on January 17, 2024, and Boykin v. National Association of Realtors, et al., No. 2:24-cv-00340 (D. Nev.) ("Boykin"), filed on February 16, 2024, name the Company as a defendant and allege, among other things, that certain trade associations, including the National Association of Realtors, multiple listing services, and real estate brokerages engaged in a continuing contract, combination, or conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1 by entering into a continuing agreement to require sellers of residential property to make inflated payments to brokers representing buyers. The plaintiffs in the Gibson and Umpa matters allege a nationwide scope, while the Grace and Fierro matters are limited in scope to Northern California and Southern California, respectively. The Company and the defendants in the Gibson and Umpa matter filed a series of motions to dismiss those complaints on February 26, 2024. The plaintiffs' opposition to those motions are due on March 25, 2024, and replies are due on April 22, 2024.

Two of the putative class action lawsuits, March v. Real Estate Board of New York, et al., No. 1:23-cv-09995 (S.D.N.Y.) ("March"), filed on November 13, 2023, and Friedman v. Real Estate Board of New York, et al., Case No. 1:23-cv-09601 (S.D.N.Y.) ("Friedman"), filed on January 18, 2024, name the Company as a defendant and allege, among other things, that

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Compass, Inc. **Notes to Consolidated Financial Statements**

the Real Estate Board of New York, and a number of real estate brokerages engaged in a continuing contract, combination, or conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1 by entering into a continuing agreement to require sellers of residential property to make inflated payments to brokers representing buyers. The Friedman and March matters also allege violations of the Donnelly Act, N.Y. Gen. Bus. § 340, and the March matter further seeks injunctive relief pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26. The Friedman and March matters are limited in scope to the New York City boroughs of Brooklyn, and Manhattan, respectively.

Two of the putative class action lawsuits, QJ Team, LLC, et al. v. Texas Association of Realtors, Inc., et al., No. 4:23-cv-01013 (E.D. Tx.) ("QJ Team"), filed on November 13, 2023, and Martin, et al. v. Texas Association of Realtors, Inc., et al., No. 423-cv-01104 (E.D. Tx.) ("Martin"), filed on December 14, 2023, name Realty Austin, LLC, a subsidiary of the Company, as a defendant and allege, among other things, that certain trade associations, including the Texas Association of Realtors, and a number of real estate brokerages engaged in a continuing contract, combination, or conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1 by entering into a continuing agreement to require sellers of residential property to make inflated payments to brokers representing buyers.

Batton, et al. v. Compass, Inc., et al., No. 1:23-cv-15618 (N.D. Ill.) ("Batton II"), filed on November 2, 2023, names the Company and seven other brokerages as defendants and alleges that the defendants entered into a continuing contract, combination, or conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1 and state law antitrust statutes, violated state consumer protection statutes, and were unjustly enriched by industry rules that set the manner by which buyer's brokers are compensated. The deadline to respond to the Batton II complaint is April 5, 2024. The allegations in Batton II are substantially similar to those contained in the case captioned Batton, et al. v. National Association of Realtors, et al., No. 1:21-cv-00430 (N.D. Ill.) ("Batton I"), filed on January 25, 2021, which does not name the Company but names the National Association of Realtors and seven other brokerages. On February 20, 2024, in Batton I, the Court granted the defendants' Motion to Dismiss in part and denied in part, allowing most of the case to proceed.

On December 27, 2023, plaintiffs in the Gibson and Umpa matters filed a motion before the United States Judicial Panel on Multidistrict Litigation ("JPML"), captioned In re Real Estate Commission Litigation, No. 48 (J.P.M.L.), seeking to transfer and consolidate for pretrial proceedings the Gibson, Umpa, Grace, March, QJ Team, Martin, and three additional putative class actions to which the Company has not been named as a party, to one multidistrict litigation. The deadline to respond to the complaints in the Martin, QJ Team, and March matters have been stayed pending a decision from the JPML on consolidation.

The Company is unable to predict the outcome of this action or to reasonably estimate the possible loss or range of loss, if any, arising from the claim asserted therein. The Company plans to vigorously defend itself against all claims. The ultimate resolution of these matters could have a material adverse effect on the Company's financial position, results of operations, and cash flow.

Letter of Credit Agreements

The Company has irrevocable letters of credit with various financial institutions, primarily related to security deposits for leased facilities. As of December 31, 2023 and 2022, the Company was contingently liable for \$ 44.4 million and \$ 48.0 million, respectively, under these letters of credit. As of December 31, 2023, \$ 43.8 million and \$ 0.6 million of these letters of credit were collateralized by the Company's Revolving Credit Facility and cash and cash equivalents, respectively. As of December 31, 2022, \$ 33.0 million and \$ 15.0 million of these letters of credit were collateralized by the Company's Revolving Credit Facility and cash and cash equivalents, respectively.

Escrow and Trust Deposits

As a service to its home buyers and home seller clients, the Company administers escrow and trust deposits which represent undistributed amounts for the settlement of real estate transactions. The escrow and trust deposits totaled \$ 120.0 million and \$ 136.7 million as of December 31, 2023 and 2022, respectively. These deposits are not assets of the Company and therefore are excluded from the accompanying consolidated balance sheets. However, the Company remains contingently liable for the disposition of these deposits.

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12. Preferred Stock and Common Stock

Convertible Preferred Stock

In 2020, the Company amended its certificate of incorporation and changed the authorized shares of Series G convertible preferred stock to 22.4 million and issued an additional 0.1 million shares of Series G convertible preferred stock for proceeds of \$ 1.0 million.

In 2020, 9.4 million shares of Series D convertible preferred stock were converted into an equal number of shares of Class A common stock at the election of the holder resulting in the reclassification of \$ 40.0 million in carrying value from Convertible preferred stock to Common stock and Additional paid-in capital.

The Company's convertible preferred stock authorized, issued and outstanding, the aggregate liquidation preferences, including dividends that would be due if and when declared by the board of directors were as follows as of December 31, 2020 (in millions, except share and per share amounts):

Series of Convertible Preferred Stock	Year Issued	December 31, 2020					Carrying Value (Net of Issuance Costs)
		Shares Authorized	Shares Issued and Outstanding	Issuance Price/ (Per Share)	Liquidation Price	Aggregate Liquidation Value	
Series A	2013	54,811,930	54,811,930	\$ 1.0000	\$ 54.8	\$ 54.7	
Series B	2014-2015	18,133,240	18,133,240	2.0766		37.7	37.5
Series C	2015-2016	13,580,260	13,580,260	4.0500		55.0	54.8
Series D	2016-2017	25,303,070	15,920,450	4.2632		67.9	67.6
Series E	2017-2018	78,543,890	78,543,890	6.7478		530.0	529.0
Series F	2018	33,686,160	33,686,160	11.8570		399.4	398.8
Series G	2019-2020	22,371,620	22,371,620	15.4269		345.1	344.3
		<u>246,430,170</u>	<u>237,047,550</u>			<u>\$ 1,489.9</u>	<u>\$ 1,486.7</u>

In March 2021, the holders of 15.9 million shares of the Company's Series D convertible preferred stock elected to convert such shares into an equal number of shares of Class A common stock.

During April 2021, in connection with the IPO, all series of the Company's convertible preferred stock then outstanding were converted into 223.0 million shares of Class A common stock and the Company reclassified \$ 1.4 billion of Convertible preferred stock to Additional paid-in-capital. As of December 31, 2023 and 2022, the Company had no convertible preferred stock outstanding.

Undesignated Preferred Stock

In April 2021, the Company adopted a restated certificate of incorporation which provides for authorized undesignated preferred stock to 25.0 million shares of undesignated preferred stock with a \$ 0.00001 par value per share. As of December 31, 2023 and 2022, there are no shares of the Company's preferred stock issued and outstanding.

Common Stock

In February 2021, the Company approved the establishment of Class C common stock and an agreement with the Company's CEO to exchange his Class A common stock for Class C common stock. On March 31, 2021, in connection with the effectiveness of the registration statement for the Company's IPO, 15.2 million shares of Class A common stock held by the Company's founder and CEO were automatically exchanged for an equivalent number of shares of Class C common stock. In addition, any Class A common stock issued to the Company's CEO from RSU awards granted prior to February 2021 are able to be exchanged for Class C common stock. Each share of Class C common stock is entitled to twenty votes per share and will be convertible at any time into one share of Class A common stock and will automatically convert into Class A common stock under certain "sunset" provisions. Other than certain permitted transfers for estate

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planning purposes, upon a transfer of Class C common stock, the Class C common stock will convert into Class A common stock.

In April 2021, the Company adopted a restated certificate of incorporation and changed its authorized capital stock to consist of 12.5 billion shares of Class A common stock, 1.25 billion shares of Class B common stock and 100 million shares of Class C common stock. Each class has par value of \$ 0.00001 .

On July 1, 2021, the board of directors of the Company approved the conversion of all outstanding shares of the Company's Class B common stock into the same number of shares of the Company's Class A common stock effective on that date.

As of December 31, 2021, the Company had 2.3 million shares of Class A common stock issued and held as treasury stock which were subsequently retired on July 1, 2021.

The followings tables reflect the authorized, issued and outstanding shares for each of the common share classes as of December 31, 2023 and 2022:

	December 31, 2023		
	Shares Authorized	Shares Issued	Shares Outstanding
Class A common stock	12,500,000,000	465,633,122	465,633,122
Class B common stock	1,250,000,000	—	—
Class C common stock	100,000,000	19,260,144	19,260,144
Total	13,850,000,000	484,893,266	484,893,266

	December 31, 2022		
	Shares Authorized	Shares Issued	Shares Outstanding
Class A common stock	12,500,000,000	419,842,991	419,842,991
Class B common stock	1,250,000,000	—	—
Class C common stock	100,000,000	18,255,203	18,255,203
Total	13,850,000,000	438,098,194	438,098,194

The rights of common stock are as follows:

Voting

Holders of Class A common stock are entitled to one vote per share. Holders of Class B common stock are not entitled to vote. Holders of Class C common stock are entitled to twenty votes per share.

Dividends

When and if declared by the Company's board of directors, holders of Class A and Class B common stock are entitled in proportion to the number of shares of common stock that would be held by each such holder if all shares of convertible preferred stock were converted to common stock. No dividends have been declared since inception.

Liquidation

The liquidation rights of the holders of Class A and Class B common stock are subject to and qualified by the rights and preferences of the holders of convertible preferred stock.

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Conversion

Each share of Class A common stock may be converted to one share of Class B common stock at the option of the holder. Each share of Class B common stock may be converted to one share of Class A common stock only upon the following events:

- the Company's sale of its common stock pursuant to an effective registration statement;
- any transfer of such share to a holder of convertible preferred stock; and
- the approval of such conversion by the board of directors; such conversion shall be deemed to have been made immediately prior to the closing date of the public offering.

Each share of Class C common stock is convertible at any time of the option of the holder into one share of Class A common stock. Each share of Class C common stock will automatically convert into a share of Class A common stock upon sale or transfer, except for certain permitted transfers.

Strategic Transaction

In August 2023, the Company entered into a definitive asset purchase agreement with a Canadian real estate proptech company (the "Strategic Transaction") under which the Company received \$ 32.3 million of cash in exchange for 9.0 million shares of Class A common stock and committed to make an additional contingent payment in the form of Class A common stock or cash, as determined by the Company. The contingent payment is dependent on a volume-weighted stock price target for the Company's Class A common stock and is payable up to a maximum of \$ 5.5 million in May 2025 (unless the volume-weighted stock price target is triggered). As of December 31, 2023, the Company has estimated a liability of \$ 2.9 million in connection with this contingent arrangement and has included the amount in the Other non-current liabilities line of its consolidated balance sheet.

13. Stock-Based Compensation

2012 Stock Incentive Plan

In October 2012, the Company adopted the 2012 Stock Incentive Plan (the "2012 Plan"). Under the 2012 Plan, employees and non-employees could be granted stock options, RSUs and other stock-based awards, including awards earned in connection with the Agent Equity Program. Generally, these awards were based on stock agreements with a maximum ten-year term for stock options and a maximum seven-year term for RSUs, subject to board approval.

2021 Equity Incentive Plan

In February 2021, the Company's board of directors and stockholders adopted and approved the 2021 Equity Incentive Plan (the "2021 Plan"), with an initial pool of 29.7 million shares of common stock available for granting stock-based awards plus any reserved shares of common stock not issued or subject to outstanding awards granted under the 2012 Plan. In addition, on January 1st of each year beginning in 2022 and continuing through 2031, the aggregate number of shares of common stock authorized for issuance under the 2021 Plan shall be increased automatically by the number of shares equal to 5 % of the total number of outstanding shares of common stock and outstanding shares of preferred stock (on an as converted to common stock basis) on the immediately preceding December 31st, although the Company's board of directors or one of its committees may reduce the amount of such increase in any particular year. The 2021 Plan became effective on March 30, 2021 and as of that date, the Company ceased granting new awards under the 2012 Plan and all remaining shares available under the 2012 Plan were transferred to the 2021 Plan. As of December 31, 2023, there were 48.6 million shares available for future grants under the 2021 Plan, inclusive of those shares transferred from the 2012 Plan. Effective January 1, 2024, the shares available for future grants were increased by an additional 24.2 million shares as a result of the annual increase provision described above.

2021 Employee Stock Purchase Plan

In February 2021, the Company's board of directors and stockholders adopted and approved the 2021 Employee Stock Purchase Plan (the "ESPP"), with an initial pool of 7.4 million shares of Class A common stock available for authorized purchase rights to the Company's employees or to employees of its designated affiliates. In addition, on January 1st of each

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year beginning in 2022 and continuing through 2031, the aggregate number of shares of common stock authorized for issuance under the ESPP shall be increased automatically by the number of shares equal to 1 % of the total number of outstanding shares of common stock and outstanding shares of preferred stock (on an as converted to common stock basis) on the immediately preceding December 31st, although the Company's board of directors or one of its committees may reduce the amount of the increase in any particular year. No more than 150.0 million shares of common stock may be issued over the term of the ESPP, subject to certain exceptions set forth in the ESPP. As of December 31, 2023, 14.1 million shares of Class A common stock remain available for grant under the ESPP. Effective January 1, 2024, the authorized shares increased by 4.7 million shares as a result of the annual increase provision described above.

The ESPP permits employees to purchase shares of the Company's Class A common stock through payroll deductions accumulated during six-month offering periods up to a maximum value of \$ 12,500 per offering period. The offering periods begin each February and August, or such other period determined by the Compensation Committee. On each purchase date, eligible employees may purchase the shares at a price per share equal to 85 % of the lesser of (1) the fair market value of the Company's Class A common stock on the first trading day of the offering period, or (2) the fair market value of the Company's Class A common stock on the purchase date, as defined in the ESPP. During the year ended December 31, 2023, the Company issued 0.8 million shares of Class A common stock under the ESPP.

The Company recognized \$ 1.3 million and \$ 2.1 million of stock-based compensation expense related to the ESPP during the years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023 and 2022, \$ 1.0 million and \$ 1.3 million, respectively had been withheld on behalf of employees for a future purchase under the ESPP.

Stock Options

Stock options vest over a prescribed service period generally lasting four years . Upon the exercise of any stock options, the Company issues shares to the award holder from the pool of authorized but unissued common stock.

The fair value of each stock option award is estimated on the grant date using the Black-Scholes option pricing model. For the year ended December 31, 2023, stock options granted were not material to the Company's financial statements. For the years ended December 31, 2022 and 2021, the table below demonstrates the inputs used for options granted.

	Year Ended December 31,	
	2022	2021
Expected term (in years)	6.2	6.3
Risk-free interest rate	3.0 %	0.9 %
Expected volatility	50.5 %	49.3 %
Dividend rate	— %	— %
Fair value of common stock (range for the period)	\$ 2.33 - \$ 8.25	\$ 8.80 - \$ 18.00
Weighted average grant date fair value of options granted	\$ 2.31	\$ 8.68

Each of these inputs is subjective and generally requires significant judgment.

Expected Term — The expected term represents the period that the stock-based awards are expected to be outstanding. The Company uses the simplified method to calculate the expected term due to insufficient historical experience, which assumes a ratable rate of exercise over the contractual term.

Risk-Free Interest Rate — The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury constant maturity notes with terms approximately equal to the stock-based awards' expected term.

Expected Volatility — As a result of the lack of historical and implied volatility data of the Company's common stock prior to the IPO, the expected stock price volatility has been estimated based on the historical volatilities of a specified group of companies in its industry for a period equal to the expected life of the option. The Company selected companies with comparable characteristics to it, including enterprise value, risk profiles, and position

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within the industry and with historical share price information sufficient to meet the expected term of the stock options. The historical volatility data was computed using the daily closing prices for the selected companies.

Dividend Rate — The expected dividend rate is zero as the Company has not declared or paid any cash dividends and does not anticipate to do so in the foreseeable future.

Fair Value of Common Stock — Prior to the IPO, the fair value of the shares of common stock underlying stock options and RSUs were historically determined by the board of directors as there was no public market for the common stock. The board of directors determined the fair value of the Company's common stock by considering a number of objective and subjective factors including: the valuation of comparable companies, sales of convertible preferred stock to unrelated third parties, the Company's operating and financial performance, secondary transactions involving the Company's common stock, the lack of liquidity of common stock and general and industry specific economic outlook, amongst other factors.

A summary of stock option activity under the 2012 Plan and the 2021 Plan, including 1.1 million stock options that were granted outside of the 2012 Plan in 2019, is presented below (in millions, except share and per share amounts):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (in years)	Weighted Aggregate Intrinsic Value ⁽¹⁾
Balance as of December 31, 2022	46,694,237	\$ 5.44	5.9	\$ 8.5
Granted	257,286	3.62		
Exercised	(2,963,701)	1.52		
Forfeited	(3,459,974)	6.74		
Balance as of December 31, 2023	<u>40,527,848</u>	<u>\$ 5.60</u>	<u>5.1</u>	<u>\$ 20.2</u>
Exercisable and vested at December 31, 2023	<u><u>35,844,208</u></u>	<u><u>\$ 5.20</u></u>	<u><u>4.8</u></u>	<u><u>\$ 20.1</u></u>

(1) The aggregate intrinsic values have been calculated using the Company's closing stock prices of \$ 3.76 and \$ 2.33 as of December 31, 2023 and December 31, 2022, respectively.

During the years ended December 31, 2023, 2022 and 2021, the intrinsic value of options exercised was \$ 6.2 million, \$ 20.3 million and \$ 124.1 million, respectively.

Stock-based compensation recognized during the years ended December 31, 2023, 2022 and 2021 associated with stock options was \$ 25.6 million, \$ 35.2 million and \$ 46.5 million, respectively. As of December 31, 2023, unrecognized compensation costs totaled \$ 31.4 million and are expected to be recognized over a weighted-average period of 1.8 years.

Restricted Stock Units

A summary of RSU activity under the 2012 Plan and the 2021 Plan is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance as of December 31, 2022	47,189,837	\$ 7.10
Granted	44,460,038	3.38
Vested and converted to common stock ⁽¹⁾	(35,940,672)	4.81
Forfeited ⁽²⁾	(25,765,385)	6.13
Balance as of December 31, 2023	<u>29,943,818</u>	<u>\$ 5.15</u>

(1) During the year ended December 31, 2023, the Company net settled all RSUs through which it issued an aggregate of 35.9 million shares of Class A common stock and withheld an aggregate of 7.6 million shares of Class A common stock to satisfy \$ 23.5 million of tax withholding obligations on behalf of the Company's employees.

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(2) Included in forfeited shares are 17.2 million performance based RSUs previously held by the Company's Chief Executive Officer that were cancelled in connection with changes made to the CEO's compensation package in December 2023. The cancellation of these awards was accounted for as a modification and is not expected to have a material impact on the Company's statements of operations.

As of December 31, 2023, all unvested RSUs had total compensation costs of \$ 147.7 million not yet recognized and is expected to be recognized over a weighted-average period of 2.0 years.

Agent Equity Program

In connection with the 2021 Agent Equity Program, the Company recognized a total of \$ 100.0 million in stock-based compensation expense of which \$ 84.8 million was recognized during the year ended December 31, 2021 and \$ 15.2 million was recognized during the year ended December 31, 2022. In February 2022, the Company granted 13.6 million RSUs, which immediately vested and converted to Class A common stock in connection with the 2021 Agent Equity Program. Prior to the issuance of the underlying RSUs, the stock-based compensation expense associated with these awards was recorded as a liability and \$ 100.0 million was ultimately reclassified to Additional paid-in capital at the end of the vesting period when the underlying RSUs were granted.

In connection with the 2022 Agent Equity Program, the Company recognized a total of \$ 53.3 million stock-based compensation expense of which \$ 41.7 million was recognized during the year ended the year ended December 31, 2022 and \$ 11.6 million was recognized during the year ended December 31, 2023. In January 2023, the Company granted 14.1 million RSUs to affiliated agents in connection with the 2022 Agent Equity Program. Prior to the issuance of the underlying RSUs, the stock-based compensation expense associated with these awards was recorded as a liability and \$ 53.3 million was ultimately reclassified to Additional paid-in capital at the end of the vesting period when the underlying RSUs were granted. Following the issuance of these RSUs, the Company discontinued the Agent Equity Program.

Stock-Based Compensation Expense

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

	Year Ended December 31,		
	2023	2022	2021
Commissions and other related expense	\$ 11.6	\$ 59.0	\$ 128.7
Sales and marketing	35.0	42.0	38.4
Operations and support	16.1	15.6	16.9
Research and development	45.7	57.5	92.7
General and administrative	49.8	60.4	109.6
Total stock-based compensation expense	\$ 158.2	\$ 234.5	\$ 386.3

The decrease in stock-based compensation expense in 2023 as compared to 2022 was due to lower headcount resulting from workforce reductions . The decrease in stock-based compensation expense in 2022 as compared to 2021 was almost entirely the result of the required accounting treatment for RSUs which differed before and after the March 31, 2021 effective date of the Company's IPO. The RSUs outstanding prior to the IPO contained a liquidity-event based vesting condition, in addition to a time-based vesting condition. The liquidity-event based vesting condition did not allow for the recognition of stock based-compensation expense until this condition was satisfied at the time of the IPO. The Company recognized a one-time acceleration of stock-based compensation expense of \$ 148.5 million in connection with the IPO when this liquidity-event based vesting condition was satisfied on March 31, 2021 and recognized additional stock-based compensation expense subsequent to the IPO over the periods that the time-based vesting conditions are satisfied. Stock-

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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

The Company has not recognized any tax benefits from stock-based compensation as a result of the full valuation allowance maintained on its deferred tax assets.

14. Income Taxes

The Company's loss before income taxes consisted of (in millions):

	Year Ended December 31,		
	2023	2022	2021
	\$ (314.1)	\$ (610.4)	\$ (496.5)
United States	\$ (7.6)	8.0	(0.1)
Total	\$ (321.7)	\$ (602.4)	\$ (496.6)

For the year ended December 31, 2023, the loss before income taxes of \$ 321.7 million includes \$ 3.3 million of losses from the Company's equity investment in OriginPoint and excludes \$ 1.2 million in net income attributable to non-controlling interests. The OriginPoint business and other non-controlling interests operate in the United States.

The components of the Company's income tax benefit (provision) consisted of (in millions):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ —	\$ —	\$ —
State	(0.3)	—	—
Foreign	(0.1)	(3.1)	(1.2)
Total current	(0.4)	(3.1)	(1.2)
Deferred:			
Federal	0.8	0.9	2.1
State	—	0.3	0.4
Foreign	—	2.8	1.2
Total deferred	0.8	4.0	3.7
Total benefit from income taxes	\$ 0.4	\$ 0.9	\$ 2.5

The Company had an income tax benefit for the years ended December 31, 2023, 2022 and 2021 resulting from a partial reduction in the valuation allowance related to the carryover tax basis in deferred tax liabilities from acquisitions. The benefit from income taxes is reduced by current taxes in India that are not offset with future alternative minimum tax credits and state income tax expense.

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The effective income tax rate differed from the statutory federal income tax rate as follows:

	Year Ended December 31,		
	2023	2022	2021
Tax at federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal effect	5.2 %	7.0 %	8.8 %
Change in valuation allowance	(23.7)%	(25.0)%	(34.2)%
Stock-based compensation	(3.6)%	(2.4)%	7.9 %
Non-deductible executive compensation	(0.6)%	(0.6)%	(2.8)%
Non-deductible expenses	(0.4)%	(0.4)%	0.1 %
Worthless stock deduction	3.2 %	— %	— %
Other	(1.0)%	0.6 %	(0.3)%
Benefit from income taxes	0.1 %	0.2 %	0.5 %

The components of net deferred taxes arising from temporary differences were as follows (in millions):

	December 31,	
	2023	2022
Deferred tax assets:		
Nondeductible accruals	\$ 14.4	\$ 15.0
Stock-based compensation	44.3	55.0
Lease liabilities	143.9	161.2
Net operating loss carryforward	462.1	395.6
Allowance for credit losses	10.7	9.2
Accrued compensation	27.6	35.4
Capitalized research & development costs	84.5	83.6
Intangible assets	12.1	6.7
Other	5.9	5.4
Total deferred tax assets	\$ 805.5	\$ 767.1
Deferred tax liabilities:		
Operating lease right-of-use assets	\$ (110.8)	\$ (132.2)
Property and equipment	(26.6)	(37.5)
Total deferred tax liabilities	(137.4)	(169.7)
Less: valuation allowance	(664.9)	(594.2)
Net deferred tax assets	\$ 3.2	\$ 3.2

The Company is subject to income taxes in the United States and India. Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (b) operating losses and tax credit carryforwards.

As of December 31, 2023 and 2022, the Company's deferred tax assets were primarily the result of U.S. federal and state net operating losses, operating lease obligations, capitalized research and development costs, stock-based compensation and other compensation related accruals. A full valuation allowance was maintained against its U.S. gross deferred tax asset balances as of December 31, 2023 and 2022. As of each reporting date, the Company considers new evidence, both positive and negative, that could impact the Company's view with regard to future realization of deferred tax assets. As of December 31, 2023 and 2022, the Company continued to maintain that the realization of its deferred tax assets has not achieved a more-likely-than-not threshold primarily due to the evidence that the Company continued to maintain three-year

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cumulative pre-tax book losses. As of December 31, 2023, the valuation allowance was approximately \$ 664.9 million, an increase of \$ 70.7 million from December 31, 2022, which includes the impact of acquisition activity.

As of December 31, 2023 and 2022, the Company had approximately \$ 1.6 billion and \$ 1.4 billion of gross federal net operating losses, respectively. Of those amounts, \$ 152.0 million will begin to expire in 2032 and \$ 1.5 billion have an unlimited carryforward with utilization limited to 80 % of taxable income. Such amounts may be subject to an annual limitation under Section 382 of the Internal Revenue Code of 1986, as amended, as a result of various ownership change rules.

As of December 31, 2023 and 2022, the Company had approximately \$ 1.9 billion and \$ 1.6 billion of gross state net operating losses, respectively, that will begin to expire in 2026.

In connection with the previously announced shutdown of Modus Technologies, Inc. ("Modus"), the Company recognized an ordinary worthless stock deduction for U.S. income tax purposes. This resulted in an increase to the gross federal net operating loss of approximately \$ 27.0 million. The Company has not recognized any tax benefits from the Modus worthless stock deduction as a result of the full valuation allowance maintained on its deferred tax assets.

The Company had no material uncertain tax positions as of December 31, 2023, 2022 and 2021. The Company does not anticipate a material increase or decrease in the uncertain tax positions in the next twelve months after the reporting period. It is the Company's policy to record interest and penalties related to uncertain tax positions as a component of the provision for income taxes. No material amounts of interest or penalties were recognized in the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021.

The Company has obtained an income tax holiday for one of the three locations it operates in India, which expires in 2024. This incentive is conditional on meeting certain direct investment thresholds. If the Company fails to satisfy the conditions, the Company may be required to refund previously realized benefits. The Company does not expect these amounts to be material to the Company's consolidated financial statements.

The number of years with open tax audits varies depending upon the tax jurisdiction. The Company is generally no longer subject to U.S. federal examination by the Internal Revenue Service ("IRS") for years before 2015. The IRS and state taxing authorities can subject the Company to audit dating back to 2012 when the Company begins to utilize its net operating loss carryforwards.

15. Compass Concierge Receivables and Allowance for Credit Losses

In 2018, the Company launched the Compass Concierge Program for home sellers who have engaged Compass as their exclusive listing agent. The initial program was based on a services model ("Concierge Classic") provided by Compass Concierge, LLC ("Compass Concierge"), which included items such as consultation on suggested cosmetic updates or modifications to a specific property or guidance on securing licensed contractors or vendors to perform non-structural property improvements. The Concierge Classic program provided for the payment of the up-front costs of specified home improvement services provided by unrelated vendors. During 2022, the Company substantially ceased providing new payments under the Concierge Classic program.

In 2019, the Compass Concierge Program was expanded to include a loan program underwritten by an independent third-party lender (the "Lender") through a commercial arrangement with Compass Concierge ("Concierge Capital"). Under the Concierge Capital program, the Lender originates and services unsecured consumer loans to home sellers following its independent underwriting process pursuant to program-level criteria provided by the Company. The Company has no right or obligation with respect to any individual consumer loan originated by the Lender. Under the agreement, the Company has repayment rights against the Lender in connection with a corporate loan.

Payment to the Company for these services under the Concierge Classic program or repayment of the loan funds under the Concierge Capital program is due upon the earlier of a successful home sale, the termination of the listing agreement or one year from the date in which costs were originally funded. Compass Concierge receivables ("Concierge Receivables") are stated at the amount advanced to the home sellers, net of an estimated ACL in the accompanying consolidated balance sheets. For the years ended December 31, 2023, 2022 and 2021, the Company did not recognize any material income from

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Compass, Inc. **Notes to Consolidated Financial Statements**

the Compass Concierge Program. The Company incurs service fees payable to the Lender and incurs bad debt expense in connection with the Compass Concierge Program.

The Company manages its credit risk by establishing a comprehensive credit policy for the approval of new loans while monitoring and reviewing the performance of its existing Concierge Receivables. Factors considered include but are not limited to:

- No negative liens or judgements on the property;
- Seller's available equity on the property;
- Loan to listing price ratio;
- FICO score (only for Concierge Capital program); and
- Macroeconomic conditions.

Credit Quality

The Company monitors credit quality by evaluating various attributes and utilizes such information in its evaluation of the appropriateness of the ACL. Based on the Company's experience, the key credit quality indicator is whether the underlying properties associated with the Concierge Receivables will be sold or not. Concierge Receivables associated with properties that are eventually sold have a lower credit risk than those that are associated with properties that are not sold. As of December 31, 2023 and 2022, the amount of outstanding Concierge Receivables related to unsold properties was approximately 97 % and 98 %, respectively. For Concierge Receivables where repayments have not been triggered (i.e., earlier of (i) sale of the property, (ii) termination of a listing agreement or (iii) 12 months from the date costs were originally funded), the Company establishes an estimate as to the percentage of underlying properties that will be sold based on historical data. This estimate is updated as of the end of each reporting period.

Allowance for Credit Losses

The Company maintains an ACL for the expected credit losses over the contractual life of the Concierge Receivables. The amount of ACL is based on ongoing, quarterly assessments by management. Historical loss experience is generally the starting point when the Company estimates the expected credit losses. The Company then considers whether (i) current conditions and economic conditions, (ii) future economic conditions and (iii) any potential changes in the Compass Concierge Program that are reasonable and supportable would impact its ACL. The following table summarizes the activity of the ACL for Concierge Receivables as of December 31, 2023 and 2022 (in millions):

	December 31,	
	2023	2022
Opening balance	\$ 14.7	\$ 17.3
Allowances	0.8	1.8
Net write-offs and other	(2.3)	(4.4)
Closing balance	<u><u>\$ 13.2</u></u>	<u><u>\$ 14.7</u></u>

Aging Status

The Company generally considers Concierge Receivables to be past due after being outstanding for over 30 days after the initial billing. Changes in the Company's estimate to the ACL are recorded through bad debt expense as Sales and marketing expense in the consolidated statements of operations and individual accounts are charged against the allowance

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Compass, Inc. Notes to Consolidated Financial Statements

when all reasonable collection efforts are exhausted. The following table presents the aging analysis of Concierge Receivables as of December 31, 2023 and 2022 (in millions):

	December 31,	
	2023	2022
Current	\$ 28.4	\$ 50.6
31-90 days	0.9	1.8
Over 90 days	7.9	5.2
Total	<u><u>\$ 37.2</u></u>	<u><u>\$ 57.6</u></u>

16. Net Loss Per Share Attributable to Compass, Inc.

The Company computes net loss per share under the two-class method required for multiple classes of common stock and participating securities. The rights, including the liquidation and dividend rights, of the Class A common stock, Class B common stock and Class C common stock are substantially identical, other than voting rights. Accordingly, the net loss per share attributable to common stockholders will be the same for Class A common stock, Class B common stock and Class C common stock on an individual or combined basis.

The following table sets forth the computation of basic and diluted net loss per share attributable to Compass, Inc. (in millions, except share and per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net loss attributable to Compass, Inc.	<u><u>\$ (321.3)</u></u>	<u><u>\$ (601.5)</u></u>	<u><u>\$ (494.1)</u></u>
Denominator:			
Weighted-average shares used in computing net loss per share attributable to Compass, Inc., basic and diluted	<u><u>466,522,935</u></u>	<u><u>428,169,180</u></u>	<u><u>326,336,128</u></u>
Net loss per share attributable to Compass, Inc., basic and diluted	<u><u>\$ (0.69)</u></u>	<u><u>\$ (1.40)</u></u>	<u><u>\$ (1.51)</u></u>

The following participating securities were excluded from the computation of diluted net loss per share attributable to Compass, Inc. for the periods presented because including them would have been anti-dilutive (on an as-converted basis):

	Year Ended December 31,		
	2023	2022	2021
Outstanding stock options	40,527,848	46,694,237	54,525,539
Outstanding RSUs	29,943,818	47,189,837	54,517,930
Shares subject to the Employee Stock Purchase Plan	589,729	583,749	—
Unvested early exercised options	11,230	91,770	1,068,300
Unvested common stock	—	138,892	391,092
Contingent common stock to be issued in connection with the Strategic Transaction	1,664,551	—	—
Total	<u><u>72,737,176</u></u>	<u><u>94,698,485</u></u>	<u><u>110,502,861</u></u>

17. Restructuring Activities

During the year ended December 31, 2022, the Company enacted certain workforce reductions, wound down Modus and terminated certain of its operating leases. The workforce reductions were part of a broader plan by the Company to take meaningful actions to improve the alignment between the Company's organizational structure and its long-term business strategy, drive cost efficiencies enabled by the Company's technology and other competitive advantages and continue to drive toward profitability and positive free cash flow. In addition to the workforce reductions, restructuring actions have

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Compass, Inc.
Notes to Consolidated Financial Statements

included and are expected to include, but not be limited to, a reduction in U.S. hiring and backfills resulting from attrition; a reduction in spend through third-party vendors; eliminating the use of incentives when recruiting new agents and reducing incentives for existing agents; a planned slow down in new market expansion; and a review of occupancy costs with a view to consolidating offices and reducing related costs.

As a result of restructuring actions taken during the year ended December 31, 2022, the Company incurred restructuring costs of \$ 49.1 million, resulting from severance and other termination benefits for employees whose roles were eliminated, lease terminations costs as a result of the accelerated amortization of various right-of-use assets and other restructuring costs, including those costs related to the wind-down of Modus. These costs have been presented within the Restructuring costs line in the consolidated statements of operations. The Company incurred additional non-cash charges of approximately \$ 7.1 million during the year ended December 31, 2022 associated with the discontinued use of certain intangible assets associated with Modus and charges pertaining to the write-down of fixed assets for certain real estate leases that have been exited, or partially exited. These costs have been included within the Depreciation and amortization line in the consolidated statements of operations.

During the year ended December 31, 2023, the Company implemented a further workforce reduction and took actions to reduce its occupancy costs, the most significant being the scaling down of its New York administrative office. During the year ended December 31, 2023, the Company incurred restructuring costs of \$ 30.4 million in connection with these actions. These costs are a result of severance and other termination benefits for employees whose roles were eliminated and lease termination costs as a result of the accelerated amortization of various right-of-use assets and other lease-related costs. These expenses have been presented within the Restructuring costs line in the consolidated statements of operations. The Company incurred additional non-cash charges of approximately \$ 5.3 million during the year ended December 31, 2023 associated with the write-down of fixed assets for certain real estate leases that have been exited, or partially exited. These costs have been included within the Depreciation and amortization line in the consolidated statements of operations.

The following table summarizes the total costs incurred in connection with the Company's restructuring activities taken during the years ended December 31, 2023 and 2022 (in millions):

	Year Ended December 31,	
	2023	2022
Severance related personnel costs	\$ 8.9	\$ 40.6
Lease termination costs	21.5	7.7
Accelerated amortization of intangible assets	—	4.6
Accelerated depreciation	5.3	2.5
Other restructuring activities	—	0.8
Total expense	\$ 35.7	\$ 56.2

The total costs incurred in connection with the Company's restructuring activities during the years ended December 31, 2023 and 2022 were included in the consolidated statements of operations as follows (in millions):

	Year Ended December 31,	
	2023	2022
Restructuring costs	\$ 30.4	\$ 49.1
Depreciation and amortization	5.3	7.1
Total expense	\$ 35.7	\$ 56.2

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Compass, Inc.
Notes to Consolidated Financial Statements

The following table summarizes the estimated timing of the Company's future lease and lease-related payments, net of amounts contractually subleased, related to restructuring activities for lease termination costs as of December 31, 2023 (in millions):

	Payment Due by Period
2024	\$ 17.9
2025	9.4
2026	5.2
Thereafter	0.5
Total	\$ 33.0

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and the dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures are being made only in accordance with appropriate authorizations of management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on its financial statements.

Management, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control—Integrated Framework" (2013). Based on this assessment, management determined that the Company's internal control over financial reporting as of December 31, 2023 was effective.

Remediation of Previously Disclosed Material Weaknesses

As previously disclosed, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses identified related to the effectiveness of our control environment, including a lack of an appropriate level of experience and training commensurate with public company requirements. This lack of an effective control environment contributed to material weaknesses related to the maintenance of formal accounting policies and procedures, including controls over account reconciliations, segregation of duties and the preparation and review of journal entries, and the maintenance of effective controls over information technology, or IT, general controls for information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, we did not design and maintain (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately that are relevant to the preparation of our financial statements, (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate personnel, (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored, and (iv) testing and approval of controls for program development to ensure that new software development is aligned with business and IT requirements.

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In response to the identified material weaknesses, we implemented a number of actions to improve our internal control over financial reporting, including the following:

- hired a Vice President of Internal Audit to oversee our internal controls program and work with management in its design and implementation of internal control over financial reporting;
- developed detailed action plans to address control deficiencies identified across business processes and financial systems impacting our financial reporting;
- engaged a global accounting advisory firm to assist with the documentation, evaluation, remediation and testing of our internal control over financial reporting;
- added key resources to the Internal Audit team, including an IT expert and an internal controls documentation and testing team reporting directly to the Vice President of Internal Audit;
- enhanced our IT general controls resources, including a new team dedicated to IT Risk & Compliance;
- formalized our accounting policies, including training relevant personnel, related to, but not limited to, account reconciliations and manual journal entries;
- formalized IT procedures for key financial systems, including training relevant personnel, related to segregation of duties, user access, batch jobs, data backups, change management, and program development;
- performed various trainings for control owners;
- ensured that controls over key reports and data derived from systems supporting financial reporting are consistently evidenced;
- ensured controls are in place to address segregation of duties risks that could present a reasonable possibility of material misstatements; and
- ensured user access reviews are consistently operating and evidenced, effective and sustainable.

Management concluded that these and other actions taken have been fully implemented and are operating effectively as of December 31, 2023. As a result, we have concluded the previously identified material weaknesses in our internal control over financial reporting have therefore been remediated.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control over Financial Reporting and Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information.

During the three months ended December 31, 2023, no director or executive officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this item will be contained in our definitive proxy statement to be filed with the SEC on Schedule 14A in connection with our 2024 Annual Meeting of Stockholders, or the Proxy Statement, which will be filed no later than 120 days after the end of our fiscal year ended December 31, 2023, and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to our officers, directors and employees which is available on our website at investors.compass.com. The Code of Business Conduct and Ethics is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and Item 406 of Regulation S-K. In addition, we intend to promptly disclose on our website at www.compass.com (1) the nature of any amendment to our Code of Business Conduct and Ethics that applies to our directors or our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and (2) the nature of any waiver, including an implicit waiver, from a provision of our code of ethics that is granted to a director one of these specified officers, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

Item 11. Executive Compensation.

The information required by this item regarding executive compensation will be incorporated by reference to the information set forth in our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item regarding security ownership of certain beneficial owners and management and our equity compensation plans will be incorporated by reference to the information set forth in our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item regarding security ownership of certain beneficial owners and management and our equity compensation plans will be incorporated by reference to the information set forth in our Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item regarding principal accountant fees and services will be incorporated by reference to the information set forth in our Proxy Statement.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Financial Statements

Information in response to this Item is included in Part II, Item 8 of this Annual Report.

2. Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts.

Years Ended December 31, 2023, 2022 and 2021						
	Balance at Beginning of Year	Charged to Costs and Expenses	Write- offs	Other	Balance at End of Year	
(in millions)						
December 31, 2023						
Accounts receivable allowance for credit loss	\$ 9.0	\$ 3.6	\$ (4.0)	\$ —	\$ 8.6	
Compass Concierge receivable allowance for credit loss	14.7	0.8	(2.3)	—	13.2	
Valuation allowance for deferred tax assets	594.2	—	—	70.7 ^(a)	664.9	
December 31, 2022						
Accounts receivable allowance for credit loss	7.1	5.5	(3.6)	—	9.0	
Compass Concierge receivable allowance for credit loss	17.3	1.8	(4.4)	—	14.7	
Valuation allowance for deferred tax assets	448.4	—	—	145.8 ^(a)	594.2	
December 31, 2021						
Accounts receivable allowance for credit loss	8.1	1.7	(2.7)	—	7.1	
Compass Concierge receivable allowance for credit loss	17.2	7.2	(7.1)	—	17.3	
Valuation allowance for deferred tax assets	287.5	—	—	160.9 ^(a)	448.4	

(a) For the years ended December 31, 2023, 2022 and 2021, the increase in valuation allowance relates to U.S. deferred tax assets for which the Company continues to maintain that the realization of these assets has not achieved a more-likely-than-not threshold. This is primarily due to the evidence that the Company continued to maintain three-year cumulative pre-tax book losses.

3. Exhibits

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference					Filed Herewith
		Form	File No.	Exhibit	Filing Date		
3.1	Restated Certificate of Incorporation of the Registrant	10-Q	001-40291	3.1	5/13/21		
3.2	Amended and Restated Bylaws of the Registrant	10-Q	001-40291	3.2	5/13/21		

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Exhibit Number	Exhibit Description	Incorporated by Reference					Filed Herewith
		Form	File No.	Exhibit	Filing Date		
4.1	Description of Common Stock	10-K	001-40291	4.1	2/28/22		
4.2	Form of Registrant's Class A common stock certificate	S-1/A	333-253744	4.1	3/23/21		
10.1+	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers					X	
10.2+	2012 Stock Incentive Plan and forms of award agreements thereunder	S-1	333-253744	10.2	3/1/21		
10.3+	2021 Equity Incentive Plan and forms of award agreements thereunder	S-1/A	333-253744	10.3	3/23/21		
10.4+	2021 Employee Stock Purchase Plan and forms of award agreements thereunder	S-1/A	333-253744	10.4	3/23/21		
10.5+	Non-Employee Director Compensation Policy					X	
10.6+	Letter Agreement between the Registrant and Robert Reffkin, dated as of March 12, 2020, as amended	S-1/A	333-253744	10.6	3/23/21		
10.7+	Offer Letter between the Registrant and Brad Serwin, dated as of March 12, 2021	S-1/A	333-253744	10.10	3/23/21		
10.8+	Form of Change in Control and Severance Agreement between the Registrant and its named executive officers					X	
10.90	Lease Agreement between Urban Compass, Inc. and 90 Fifth Avenue Owner LLC, dated July 23, 2014, and amendments thereto	S-1	333-253744	10.12	3/1/21		
10.10	Revolving Credit and Guaranty Agreement among the Registrant, Barclays Bank PLC, the Lenders, and Issuing Banks party thereto, dated as of March 4, 2021	S-1/A	333-253744	10.14	3/23/21		
10.11	First Amendment to Revolving Credit and Guaranty Agreement among Compass, Inc., Barclays Bank PLC and the lenders party thereto, dated as of May 1, 2023	10-Q	001-40291	10.1	5/10/23		
10.12+	Forms of Global Notice of Restricted Stock Unit Award and Global Restricted Stock Unit Award Agreement	10-Q	001-40291	10.2	8/10/21		
10.13+	Forms of Global Notice of Stock Option Grant and Global Stock Option Agreement	10-Q	001-40291	10.3	8/10/21		
10.14+	Forms of Global Notice of Performance Stock Unit Award and Global Performance Stock Unit Award Agreement					X	
10.15+	Executive Bonus Plan, amended and restated as of November 2, 2023					X	
10.16+	Amended and Restated Offer Letter between the Registrant and Neda Navab, dated May 10, 2022	10-Q	001-40291	10.1	5/13/22		
10.17+	Amended and Restated Cash Bonus Agreement between the Registrant and Brad Serwin, dated as of August 17, 2023					X	
10.18+	Offer Letter between the Company and Kalani Reelitz, dated as of October 24, 2022	8-K	001-40291	10.1	10/28/22		
10.19	Amended and Restated Revolving Credit and Security Agreement among Compass Concierge SPV I, LLC, Barclays Bank PLC and the lenders party thereto, dated as of August 5, 2022	10-Q	001-40291	10.1	8/15/22		
10.20	Amendment No. 1 to the Second Amended and Restated Revolving Credit and Security Agreement among Compass Concierge SPV I, LLC, Barclays Bank PLC and the lenders party thereto, dated as of August 4, 2023	10-Q	001-40291	10.1	8/08/23		

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Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
21.1	Subsidiaries of the Registrant					X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (contained in "Signatures")					X
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)					X
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)					X
32.1#	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350					X
32.2#	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350					X
97	Compass, Inc. Compensation Recovery Policy, adopted November 2, 2023					X
101	The following financial information related to the Company's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit), (v) the Consolidated Statements of Cash Flows; and (vi) the related Notes to Consolidated Financial Statements					X
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101					X

+ Management contract or compensatory plan.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Compass, Inc

(Registrant)

February 28, 2024

(Date)

By /s/ Robert Reffkin

Robert Reffkin

Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, each person whose individual signature appears below hereby authorizes and appoints Robert Reffkin, Kalani Reelitz, and Scott Wahlers and each of them, with full power of substitution and re-substitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

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Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Robert Reffkin	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 28, 2024
Robert Reffkin	Chief Financial Officer (Principal Financial Officer)	February 28, 2024
/s/ Kalani Reelitz	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2024
Kalani Reelitz	Scott Wahlers	February 28, 2024
/s/ Scott Wahlers	Scott Wahlers	February 28, 2024
/s/ Jeffrey Housenbold	Director	February 28, 2024
Jeffrey Housenbold	Director	February 28, 2024
/s/ Allan Leinwand	Director	February 28, 2024
Allan Leinwand	Director	February 28, 2024
/s/ Frank Martell	Director	February 28, 2024
Frank Martell	Director	February 28, 2024
/s/ Josh McCarter	Director	February 28, 2024
Josh McCarter	Director	February 28, 2024
/s/ Charles Phillips	Director	February 28, 2024
Charles Phillips	Director	February 28, 2024
/s/ Steven Sordello	Director	February 28, 2024
Steven Sordello	Director	February 28, 2024
/s/ Pamela Thomas-Graham	Director	February 28, 2024
Pamela Thomas-Graham	Director	February 28, 2024
/s/ Dawanna Williams	Dawanna Williams	February 28, 2024
Dawanna Williams		

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of [*], 20[*], is made by and between Compass, Inc., a Delaware corporation (collectively with its subsidiaries, the "**Company**"), and [*], a director, officer or key employee of the Company or one of the Company's subsidiaries or other service provider who satisfies the definition of Indemnifiable Person set forth below ("**Indemnitee**").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the '**Board**') have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law (**Section 145**), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "**Affiliate**" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other enterprise in respect of which Indemnitee is or was or will be serving as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Change in Control. For purposes of this Agreement, "**Change in Control**" means any event or circumstance where (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding capital stock, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or

nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 50% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses. For purposes of this Agreement, "**Expenses**" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness or otherwise involved in, a Proceeding (as defined below), or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, taxes (including ERISA or other benefit plan related excise taxes or penalties) or amounts paid in settlement of a Proceeding.

(d) Indemnifiable Event. For purposes of this Agreement, "**Indemnifiable Event**" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(e) Indemnifiable Person. For the purposes of this Agreement, "**Indemnifiable Person**" means any person who is or was a director, officer, trustee, manager, member, partner, employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(f) Independent Counsel. For purposes of this Agreement, "**Independent Counsel**" means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(g) Independent Director. For purposes of this Agreement, "**Independent Director**" means a member of the Board who is not a party to the Proceeding for which a claim is made under this Agreement.

(h) Other Liabilities. For purposes of this Agreement, "**Other Liabilities**" means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, taxes (including ERISA or other benefit plan related excise taxes or penalties), and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(i) Proceeding. For the purposes of this Agreement, "**Proceeding**" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, "**Subsidiary**" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end according to the terms of an agreement, the Company's Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent not prohibited by the provisions of the Company's Bylaws and the Delaware General Corporation Law ("DGCL"), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the Bylaws or the DGCL permitted prior to the adoption of such amendment).

(b) Exception for Amounts Covered by Insurance and Other Sources. Notwithstanding the foregoing, the Company shall not be obligated to indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever (including, but not limited to judgments, fines, penalties, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) by any directors and officers, or other type, of insurance maintained by the Company; provided, however, that payment made to Indemnitee pursuant to an insurance policy purchased and maintained by Indemnitee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnitee pursuant to this Agreement.

(c) Company Obligations Primary. The Company hereby acknowledges that Indemnitee may have rights to indemnification for Expenses and Other Liabilities provided by a venture capital firm or other sponsoring organization ("Other Indemnitor"). The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which indemnification is provided under this Agreement and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. The Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to indemnify Indemnitee for such Expenses or Other Liabilities hereunder.

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the Company's Bylaws or the DGCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and

having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement. In the event of a Change in Control subsequent to the date of this Agreement, or the Company's becoming insolvent, including being placed into receivership or entering the federal bankruptcy process, the Company shall use reasonable efforts to maintain in force any and all insurance policies then maintained by the Company in providing insurance—directors' and officers' liability, fiduciary, employment practices or otherwise—in respect of the individual directors and officers of the Company, for a fixed period of six years thereafter. Such coverage shall be non-cancelable and shall be placed and serviced by the Company's incumbent insurance broker or a broker selected by a majority of the Independent Directors.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event within (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. The right to advances under this section shall in all events continue until final disposition of any Proceeding, including any appeal therein. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Company's Bylaws or the DGCL, and no additional form of undertaking with respect to such obligation to repay shall be required. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon. In the event that Indemnitee's request for the advancement of expenses shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, unless the Company is a named co-defendant with Indemnitee, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies. In addition, the Company will instruct the insurers and the Company's insurance broker that they may communicate directly with Indemnitee regarding such claim.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the

Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, (C) the Company fails to employ counsel to assume the defense of such Proceeding, or (D) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel, the Expenses related to work conducted by Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense. Indemnitee agrees that any such separate counsel retained by Indemnitee will be a member of any approved list of panel counsel under the Company's applicable directors' and officers' insurance policy, should the applicable policy provide for a panel of approved counsel.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred subsequent to the date of this Agreement, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent from any settlement of any Proceeding. The Company shall promptly notify Indemnitee upon the Company's receipt of an offer to settle, or if the Company makes an offer to settle, any Proceeding, and provide Indemnitee with a reasonable amount of time to consider such settlement, in the case of any such settlement for which the consent of Indemnitee would be required hereunder. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is a party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of the settlement is to be funded from insurance proceeds unless approved by a majority of the Independent Directors, provided that this sentence shall cease to be of any force and effect if it has been determined in accordance with this Agreement that Indemnitee is not entitled to indemnification hereunder with respect to such Proceeding or if the Company's obligations hereunder to Indemnitee with respect to such Proceeding have been fully discharged.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has not failed to meet the applicable standard of conduct for indemnification.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

- a. Those members of the Board who are Independent Directors even though less than a quorum;

b. A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

c. Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of Independent Counsel as the forum.

The selected forum shall be referred to herein as the "Reviewing Party". Notwithstanding the foregoing, following any Change in Control subsequent to the date of this Agreement, the Reviewing Party shall be Independent Counsel selected in the manner provided in c. above.

(d) Decision Timing and Expenses. As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith" or acted in "bad faith", Indemnitee shall be deemed to have acted in good faith or not acted in bad faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of Expenses, the Reviewing Party or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or

actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding,

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (1) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, any other statute or law, as permitted under Section 145, or otherwise, (2) where the Board has consented to the initiation of such Proceeding, or (3) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

(b) Actions Based on Federal Statutes Regarding Profit Recovery and Return of Bonus Payments The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of (i) any suit in which judgment is rendered against Indemnitee by a court of competent jurisdiction in a final adjudication not subject to further appeal for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), any recoupment by the Company pursuant to any compensation recovery policy adopted by the Board of Directors or the Compensation Committee of the Board of Directors at any time, as amended from time to time, including any such policy adopted in response to the requirements of Section 10D of the Exchange Act of 1934, as amended, the Securities and Exchange Commission's final rules thereunder, and any applicable listing rules or other rules and regulations implementing the foregoing or as otherwise required by law or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(c) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law as determined by a court of competent jurisdiction in a final adjudication not subject to further appeal.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or

unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Supersession, Modification and Waiver. This Agreement supersedes any prior indemnification agreement between the Indemnitee and the Company, its Subsidiaries or its Affiliates. If the Company and Indemnitee have previously entered into an indemnification agreement providing for the indemnification of Indemnitee by the Company, parties entry into this Agreement shall be deemed to amend and restate such prior agreement to read in its entirety as, and be superseded by, this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. The terms of this Agreement shall bind, and shall inure to the benefit of, and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. In addition, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement and indemnify Indemnitee to the fullest extent permitted by law.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) by personal service by a process server, or (iv) by delivery to the recipient's address by overnight delivery (e.g., FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's Chief Legal Officer.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise. Additionally, any admission of liability by the Company in connection with any settlement by the Company with a regulatory agency shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution. (a) Except as otherwise expressly provided in this Agreement, in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required

and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

[Signature Page Follows]

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

COMPASS, INC.:

By: _____

Its: _____

INDEMNITEE:

Address: _____

[SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT]

COMPASS, INC.

Non-Employee Director Compensation Policy

As amended and approved by the Board on August 3, 2023

The Board of Directors (the “**Board**”) of Compass, Inc. (the “**Company**”) adopted this Non-Employee Director Compensation Policy (the “**Policy**”) setting forth the Company’s compensation program for non-employee directors (the “**Program**”). Under the Program each non-employee director is entitled to receive the following compensation: (a) an annual cash retainer for service on the Board and any committees thereof (“**Cash Compensation**”), and (b) an annual grant of restricted stock units (“**RSUs**”) (the “**Annual RSU Award**”). This Policy may be amended from time to time or terminated at any time in the sole discretion of the Board upon recommendation of the Compensation Committee of the Board.

Cash Compensation

Cash Compensation payable to each non-employee director shall consist of the following annual fees, as applicable:

- General Board Service Fee: \$50,000
- Lead Independent Director Service Fee (in addition to General Board Service Fee): \$50,000
- Committee Chair Service Fee (in addition to General Board Service Fee; in lieu of applicable Non-Chair Committee Member Service Fee set forth below):
 - Audit Committee Chair: \$20,000
 - Compensation Committee Chair: \$15,000
 - Nominating and Corporate Governance Committee Chair: \$10,000
- Non-Chair Committee Member Service Fee (in addition to General Board Service Fee; not in addition to applicable Committee Chair Service Fee):
 - Audit Committee member: \$10,000
 - Compensation Committee member: \$7,500
 - Nominating and Corporate Governance Committee member: \$5,000

Cash Compensation shall be payable quarterly in equal installments and shall be prorated for the period of service for any non-employee director who serves as a member of the Board or the Committee for less than the applicable full quarterly period.

A non-employee director may elect to receive their Cash Compensation in the form of RSUs (the “**Cash Compensation RSU Award**”). The Cash Compensation RSU Award shall be subject to the following:

1. **Election:** in order for a non-employee director to receive their Cash Compensation RSU Award in lieu of the Cash Compensation, they shall submit their election (an “**Election**”) promptly in accordance with the Company’s procedures effective at the time of the Election.
2. **Equity Incentive Plan:** the Cash Compensation RSU Award shall be granted under and be subject to the terms and conditions of the equity incentive plan in place on the grant date.
3. **Grant Date:** the Cash Compensation RSU Award shall be automatically granted on the date of the Company’s annual meeting of stockholders (the “**Annual Meeting**”). If a non-employee director joins the Board on a date other than the date of the Annual Meeting, their Cash Compensation RSU Award shall be granted promptly following the date they join the Board and

following their timely submission of an Election to receive RSUs in lieu of their Cash Compensation.

4. **Number of Shares:** the number of shares subject to the Cash Compensation RSU Award shall be calculated by dividing the Cash Compensation by the closing trading price of the Company's Class A common stock on the grant date, rounded down to the nearest whole share. If the non-employee director joins the Board on a date other than the date of the Annual Meeting, their Cash Compensation RSU Award shall be granted based on their prorated Cash Compensation.
5. **Vesting Schedule:** the Cash Compensation RSU Award shall vest quarterly on the same dates as the Cash Compensation is scheduled to be paid that year, so long as the non-employee director continues to provide service to the Company through the applicable vesting date. If a non-employee director joins the Board on a date other than the date of the Annual Meeting, their Cash Compensation RSU Award shall vest on the same dates as the remaining Cash Compensation is scheduled to be paid to non-employee directors that year.
6. **Settlement:** for avoidance of doubt, each vested tranche of Cash Compensation RSU Award will be automatically settled no later than 45 days after the equivalent Cash Compensation would have been paid, and the non-employee director may not select the calendar year in which such RSUs settle.
7. **Acceleration:** the Cash Compensation RSU Award shall accelerate in full upon the consummation of a Corporate Transaction (as defined in the equity incentive plan applicable at the time of the Corporate Transaction).

Annual RSU Award

In addition to the Cash Compensation (or the Cash Compensation RSU Award), each non-employee director shall receive an Annual RSU Award. The Annual RSU Award shall be subject to the following:

1. **Equity Incentive Plan:** the Annual RSU Award shall be granted under and be subject to the terms and conditions of the equity incentive plan in place on the grant date.
2. **Grant Date:** the Annual RSU Award shall be automatically granted on the date of the Annual Meeting. If a non-employee director joins the Board on a date other than the date of the Annual Meeting, their Annual RSU Award shall be granted as soon as practicable following the date they join the Board.
3. **Number of Shares:** the number of shares subject to the Annual RSU Award shall be calculated by dividing \$225,000 (the "***Annual RSU Award Amount***") by the average daily closing trading price of the Company's Class A common stock for the ten business days ending on the day preceding the grant date, rounded down to the nearest whole share. If the non-employee director joins the Board on a date other than the date of the Annual Meeting, their Annual RSU Award shall be granted based on the prorated Annual RSU Award Amount.
4. **Vesting Schedule:** the Annual RSU Award shall fully vest on the earlier of (i) the date of the next Annual Meeting and (ii) the date that is one year following the grant date, in each case, so long as the non-employee director continues to provide service to the Company through the applicable vesting date. If a non-employee director's service ends on the date of vesting, then the vesting shall be deemed to have occurred. If a non-employee director joins the Board on a date other than the date of the Annual Meeting, their Annual RSU Award shall have the same vesting schedule as the Annual RSU Awards granted on the date of the last Annual Meeting.

5. **Acceleration:** the Annual RSU Award shall accelerate in full upon the consummation of a Corporate Transaction (as defined in the equity incentive plan applicable at the time of the Corporate Transaction).

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the “**Agreement**”) is entered into by and between [●] (the “**Executive**”) and Compass, Inc., a Delaware corporation (the “**Company**”), on [●], 20[●], and is effective as of [●], 20[●] (the “**Effective Date**”).

1. Term of Agreement.

Except to the extent renewed as set forth in this Section 1, this Agreement shall terminate upon the earlier of (x) the third (3rd) anniversary of the Effective Date (the “**Expiration Date**”) or (y) the date that Executive’s employment with the Company terminates for a reason other than Executive’s Qualifying Termination, CIC Qualifying Termination, death, or Disability; *provided however*, if a definitive agreement relating to a Change in Control has been signed by the Company on or before the Expiration Date, then this Agreement shall remain in effect through the earlier of:

- (a) The date that Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination, or
- (b) The date the Company has met all of its obligations under this Agreement following a termination of Executive’s employment with the Company due to a Qualifying Termination or CIC Qualifying Termination.

This Agreement shall expire on the initial Expiration Date and each subsequent Expiration Date, unless the Company provides Executive notice of renewal at least three (3) months prior to the date on which this Agreement would otherwise expire, in which case this Agreement shall remain outstanding and effective for an additional three (3) year term. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2 or 3 below, the Company’s non-renewal of this Agreement shall not constitute a Qualifying Termination or CIC Qualifying Termination, as applicable.

2. Qualifying Termination.

If Executive is subject to a Qualifying Termination, then, subject to Sections 5, 10, and 11 below, Executive will be entitled to the following benefits:

(a) **Severance Benefits.** The Company shall pay Executive an amount equal to (i) twelve (12) months’ worth of his or her monthly base salary, and (ii) then-current annual target bonus opportunity. The Executive will receive his or her severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied.

(b) **Continued Employee Benefits.** The Company shall pay Executive a lump-sum cash payment equal to the full amount of Executive’s Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”) premiums on behalf of Executive for Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for Executive’s eligible dependents, in an amount based upon the same period for which Executive is paid severance benefits pursuant to Section 2(a) following Executive’s Separation. The Executive will receive his or her COBRA payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied.

(c) **Equity.** If, as of the date of Executive’s Separation, Executive has been employed with the Company for a period of less than twelve (12) months, then the Executive’s Equity Awards that vest upon Executive completing a cliff vesting period of twelve (12) months of continuous service or less (a “**Vesting Cliff**”) shall accelerate and become vested and exercisable as if his or her employment had continued through the first Vesting Cliff. Awards that would otherwise vest only upon satisfaction of performance criteria, shall not accelerate but shall vest through the first Vesting Cliff (if any) under the

preceding sentence only to the extent of achievement of performance milestones (if measurable on the date of Executive's Separation). Subject to Section 5, the accelerated vesting described above shall be effective as of the date of Executive's Separation.

3. CIC Qualifying Termination. If Executive is subject to a CIC Qualifying Termination, then, subject to Sections 5, 10, and 11 below, Executive will be entitled to the following benefits:

(a) **Severance Payments.** The Company or its successor shall pay Executive an amount equal to (i) eighteen (18) months' worth of his or her monthly base salary, (ii) one and one-half times Executive's then-current annual target bonus opportunity, and (ii) a prorated portion of Executive's then-current target bonus opportunity for the portion of the then-current year that Executive served prior to the Separation (calculated based on the number of days to date in the bonus year multiplied by 1/365). Such payment shall be paid in a cash lump sum payment in accordance with the Company's standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied.

(b) **Equity.** Each of Executive's then outstanding Equity Awards, excluding awards that would otherwise vest only upon satisfaction of performance criteria, shall accelerate and become vested and exercisable as to 100% of the then-unvested shares subject to the Equity Award. As to outstanding Equity Awards that would vest only upon satisfaction of performance criteria, such awards shall accelerate and become vested and exercisable as if such awards had been achieved at the greater of (x) actual achievement (if measurable on the date of Executive's Separation) or (y) target levels; provided, however, that the Company may specify, in any individual Equity Award agreement, that the acceleration provisions of such award agreement shall specifically overwrite the acceleration provisions set forth herein. Subject to Section 5, the accelerated vesting described in this Section 3(b) shall be effective as of the date of Executive's Separation. For the avoidance of doubt, in order to give effect to the acceleration contemplated by this Section 3(b), each of Executive's outstanding Equity Awards shall remain outstanding and eligible to vest (solely pursuant to the terms of this Section 3(b)) for a period of three (3) months following a CIC Qualifying Termination in order to give effect to this Section 3(b).

(c) **Continued Employee Benefits.** Payment in lieu of continued COBRA benefits on the same terms as set forth in Section 2(b) above in an amount based upon the same period for which Executive is paid severance benefits pursuant to Section 3(a) following Executive's Separation.

4. Death or Disability. If Executive is subject to a Separation due to Executive's death or Disability, then, subject to Sections 5, 10, and 11 below, Executive will be entitled to the following benefits:

(a) **Severance Payments.** The Company or its successor shall pay Executive an amount equal to a prorated portion of Executive's then-current target bonus opportunity for the portion of the then-current year that Executive served prior to the Separation (calculated based on the number of full or partial days to date in the bonus year multiplied by 1/365). Such payment shall be paid in a cash lump sum payment in accordance with the Company's standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied.

(a) **Equity.** Any of Executive's outstanding Equity Awards shall accelerate and become vested and exercisable as to a number of then-unvested shares subject to the Executive's Equity Awards as if Executive had remained in service to the Company through to the end of the applicable quarter of Separation. As to outstanding Equity Awards that would vest only upon satisfaction of performance criteria, such awards shall accelerate and become vested and exercisable through to the end of the applicable quarter of Separation only to the extent of achievement of performance milestones (if measurable on the date of Executive's Separation); provided, however, that the Company may specify, in any individual Equity Award agreement, that the acceleration provisions of such award agreement shall

specifically overwrite the acceleration provisions set forth in this Section. Subject to Section 5, the accelerated vesting described above shall be effective as of the date of Executive's Separation.

5. General Release. Any other provision of this Agreement notwithstanding, the benefits under Sections 2, 3, and 4 shall not apply unless Executive (or, in the case of Executive's Disability such that he or she is no longer able to execute a Release, Executive's personal representative) (i) has executed a general release (substantially in the form prescribed by the Company) of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims; provided, however, that if Executive's Separation is due to Executive's death, then the payments pursuant to this Agreement shall not be so conditioned. The release must be substantially in the form prescribed by the Company, without alterations (this document effecting the foregoing, the "**Release**"). The Company will deliver the form of Release to Executive within ten (10) days after Executive's Separation. Executive must execute and return the Release within the time period specified in the form.

6. Accrued Compensation and Benefits. Notwithstanding anything to the contrary in Sections 2, 3, and 4 above, in connection with any termination of employment (whether or not a Qualifying Termination or CIC Qualifying Termination), the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unused earned vacation pay and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (collectively "**Accrued Benefits**"). Any Accrued Compensation and Expenses to which Executive is entitled shall be paid to Executive in cash as soon as administratively practicable after the termination and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year in which the Separation occurs or at such earlier time as may be required by Section 11 below or to such lesser extent as may be mandated by Section 10 below. Any Accrued Benefits to which Executive is entitled shall be paid to Executive as provided in the relevant plans and arrangements.

7. Covenants.

(a) **Non-Competition.** Executive agrees that, during his or her employment with the Company, he or she shall not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company.

(b) **Non-Disparagement.** Executive further agrees that, during the twelve (12) month period following his or her Separation, he or she shall not in any way or by any means disparage the Company, the members of the Board or the Company's officers and employees. Notwithstanding the foregoing, Executive is not prohibited from cooperating with a government agency or testifying truthfully in any government inquiry or other proceeding or in which Executive is required to testify pursuant to subpoena or other valid legal process.

8. Definitions.

(a) "**Board**" means the Company's board of directors.

(b) "**Cause**" shall mean (a) Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company, (b) Executive's material breach of any agreement between Executive and the Company, (c) Executive's

commission of an act of personal dishonesty, fraud, deceit, or embezzlement in connection with Executive's employment, (d) Executive's material failure to comply with the Company's policies or rules, including, without limitation, the Company's policies or rules regarding harassment, alcohol or substance abuse, confidentiality, workplace violence, and discrimination, (e) Executive's conviction of, or your plea of "guilty" or "no contest" to, a felony or a crime of moral turpitude, (f) Executive's failure to perform lawfully assigned duties after receiving written notification of the failure from the Company's Chief Executive Officer, or (g) Executive's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested Executive's cooperation in writing, or (h) Executive's engagement in gross misconduct or gross neglect of Executive's duties where such misconduct or neglect is materially and demonstrably injurious to the Company, or (i) Executive's breach of any fiduciary duty owed to the Company by Executive that has or could reasonably be expected to have a detrimental effect on the Company's reputation or business. Notwithstanding, the foregoing, in the case of clauses (b), (d), (f) and (g), the Company will not terminate Executive's employment for Cause without first providing Executive with written notification of the acts or omissions constituting Cause and providing Executive with at least 10 days following such notice to cure such conduct (to the extent capable of cure).

(c) **"Code"** means the Internal Revenue Code of 1986, as amended.

(d) **"Change in Control."** For all purposes under this Agreement, a Change in Control shall mean a "Corporate Transaction," as such term is defined in the Plan, provided that the transaction (including any series of transactions) also qualifies as a change in control event under U.S. Treasury Regulation 1.409A-3(i)(5).

(e) **"CIC Qualifying Termination"** means a Separation in connection with the consummation of a Change in Control, including (A) at the request (occurring prior to a Change in Control) of the prospective acquirer whose proposed acquisition would constitute a Change in Control upon its completion, (B) within twelve (12) months following the consummation of a Change in Control, (C) or within three (3) months preceding a Change in Control (but as to part (C), only if the Separation occurs after a Potential Change in Control) resulting from (x) the Company or its successor terminating Executive's employment for any reason other than Cause, (y) Executive resigning his or her employment at a prospective acquirer's request, or (z) Executive resigning his or her employment for Good Reason. A termination or resignation due to Executive's death or disability shall not constitute a CIC Qualifying Termination. A **"Potential Change in Control"** means the date of execution of a legally binding and definitive agreement for a corporate transaction which, if consummated, would constitute the applicable Change in Control (which for the avoidance of doubt, would include a merger agreement, but not a term sheet for a merger agreement). In the case of a termination following a Potential Change in Control and before a Change in Control, solely for purposes of benefits under this Agreement, the date of Separation will be deemed the date the Change in Control is consummated.

(f) **"Disability"** means total and permanent disability as defined in Section 22(e)(3) of the Code.

(g) **"Equity Awards"** means all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to Executive, including but not limited to stock bonus awards, restricted stock, restricted stock units or stock appreciation rights; provided, however, that the term Equity Awards shall not include any stock-based awards that are both (x) outstanding as of the Effective Date and (y) structured as compliant with (rather than exempt from) Section 409A.

(h) **"Good Reason"** means, without Executive's consent, (i) a reduction in status, responsibility or authority, or your removal from such position or responsibilities without Cause, (ii) a reduction in Executive's annual base salary or annual target bonus, (iii) a requirement that Executive relocate Executive's principal place of work to a location more than thirty (30) miles from Executive's then-current work location, or (iv) a material breach of this Agreement by the Company. For the purpose of

clause (i), a change in responsibility shall not be deemed to occur (A) solely because Executive is part of a larger organization or (B) solely because of a change in title. For Executive to receive any benefits under this Agreement as a result of a resignation for Good Reason, all of the following requirements must be satisfied: (1) Executive must provide notice to the Company of his or her intent to assert Good Reason within sixty (60) days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iv); (2) the Company will have thirty (30) days (the “**Company Cure Period**”) from the date of such notice to remedy the condition and, if it does so, Executive may withdraw his or her resignation or may resign with no benefits under this Agreement; and (3) any termination of employment under this provision must occur within ten (10) days of the earlier of expiration of the Company Cure Period or written notice from the Company that it will not undertake to cure the condition set forth in subclauses (i) through (iv). Should the Company remedy the condition as set forth above and then one or more of the conditions arises again, Executive may assert Good Reason again, subject to all of the conditions set forth herein.

(i) “**Plan**” means the Company’s 2021 Equity Incentive Plan, as may be amended from time to time.

(j) “**Release Conditions**” mean the following conditions occurring within sixty (60) days following the Separation: (i) Company has received Executive’s executed Release and (ii) any rescission period applicable to Executive’s executed Release has expired.

(k) “**Qualifying Termination**” means a Separation that is not a CIC Qualifying Termination, but which results from (i) the Company terminating Executive’s employment for any reason other than Cause or (ii) Executive voluntarily resigning his or her employment for Good Reason. A termination or resignation due to Executive’s death or disability shall not constitute a Qualifying Termination.

(l) “**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

9. Successors.

(a) **Company’s Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive’s Successors.** This Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. Golden Parachute Taxes.

(a) **Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“**Payments**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“**Excise Tax**”), then, subject to the provisions of Section 11, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in the Payments being \$1.00 less than the amount at which any portion of the Payments would be subject to the Excise Tax (“**Reduced Amount**”), whichever of the foregoing amounts, taking into account the applicable

federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive ("Independent Tax Counsel"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 10(a)(i)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive's sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the "IRS") determines that any Payment is subject to the Excise Tax, then Section 10(b) hereof shall apply, and the enforcement of Section 10(b) shall be the exclusive remedy to the Company.

(b) **Adjustments.** If, notwithstanding any reduction described in Section 10(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one-hundred twenty (120) days after a final IRS determination, an amount of such payments or benefits equal to the "Repayment Amount." The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive's net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero (0) if a Repayment Amount of more than zero (0) would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 10(b), Executive shall pay the Excise Tax.

11. **Clawback and Recoupment.** Notwithstanding any other provision of this Agreement to the contrary, all compensation provided for herein is subject to recovery by the Company pursuant to any compensation recovery policy adopted by the Board of Directors or the Compensation Committee of the Board of Directors at any time, as amended from time to time, including any such policy adopted in response to the requirements of Section 10D of the Exchange Act of 1934, as amended, the Securities and Exchange Commission's final rules thereunder, and any applicable listing rules or other rules and regulations implementing the foregoing or as otherwise required by law.

12. **Miscellaneous Provisions.**

(a) **Section 409A.** To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A

of the Code and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's Separation; or (ii) the date of Executive's death following such Separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(b) **Other Arrangements.** Notwithstanding any other provision of this Agreement, to the extent that any of Executive's existing entitlements to receive cash severance, COBRA, or equity acceleration, as of the Effective Date, provided for additional or greater benefits than the provisions set forth herein, then Executive shall remain entitled to receive any such payments or benefits in lieu of the applicable payments or benefits set forth herein; provided, however, that, in all cases, the determination of the applicable benefits to be paid upon a Separation shall be made by the Board. Other than as set forth in the prior sentence, this Agreement supersedes any and all cash severance arrangements and vesting acceleration arrangements under any offer letter or employment agreement, agreement governing Equity Awards and severance and salary continuation arrangements, programs and plans which were previously offered by the Company to Executive, including change in control severance arrangements and vesting acceleration arrangements pursuant to an agreement governing Equity Awards, employment agreement or offer letter, and Executive hereby waives Executive's rights to such other benefits. In no event shall any individual receive cash severance benefits under both this Agreement and any other vesting acceleration arrangement, severance pay or salary continuation program, plan or other arrangement with the Company. For the avoidance of doubt, in no event shall Executive receive payment under more than one of Sections 2, 3, and 4 of this Agreement with respect to Executive's Separation.

(c) **Dispute Resolution.** To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in New York City, and conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS") under its then-existing employment rules and procedures. Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court.

to prevent irreparable harm pending the conclusion of any such arbitration. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys' fees.

(d) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **No Retention Rights.** Nothing in this Agreement shall confer upon Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary of the Company or of Executive, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without Cause.

(i) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York (other than its choice-of-law provisions).

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE

COMPASS, INC.

Print Name:

By:

Title:

COMPASS, INC.
2021 EQUITY INCENTIVE PLAN
NOTICE OF PERFORMANCE STOCK UNIT AWARD

You ("Recipient") have been granted Performance Stock Units ("PSUs") under the Compass, Inc. (the "Company") 2021 Equity Incentive Plan (the "Plan") on the following terms.

Unless otherwise defined herein, the terms defined in the Plan will have the same meanings in this Notice and the electronic representation of this Notice established and maintained by the Company or a third party designated by the Company.

Name of Recipient:

Total Number of PSUs Granted:

Date of Grant:

Vesting Commencement Date:

Expiration Date:

Award Condition:

Vesting Schedule:

Performance Vesting Conditions:

Minimum Service Requirement:

Settlement:

Severance:

By accepting (whether in writing, electronically or otherwise) this award, Recipient acknowledges and agrees to the following:

- 1) Recipient acknowledges that Recipient's Service is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement, or the Plan changes the nature of that relationship. Recipient acknowledges that the vesting of the PSUs pursuant to this Notice is subject to Recipient's continuing Service. To the extent permitted by applicable law, Recipient agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Recipient's Service status changes between full- and part-time and/or in the event the Recipient is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee.
- 2) This grant is made under and governed by the Plan, the Agreement, and this Notice, and this Notice is subject to the terms and conditions of the Agreement and the Plan, both of which are incorporated herein by reference. Recipient has read the Notice, the Agreement, and the Plan.
- 3) Recipient has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Recipient acquires or disposes of the Company's securities.

4) By accepting this award, Recipient consents to electronic delivery and participation as set forth in the Agreement.

You do not have to accept this PSU award. If you wish to decline your PSU award, you should promptly notify Compass, Inc. of your decision at equity@compass.com. If you do not provide such notification by [DATE], and you have previously executed any non-competition agreement requested of you by the Company, you will be deemed to have accepted your PSU award on the terms and conditions set forth herein.

RECIPIENT: **COMPASS, INC.**

By: _____

By: _____

PERFORMANCE STOCK UNIT AWARD AGREEMENT

COMPASS, INC.

2021 EQUITY INCENTIVE PLAN

Unless otherwise defined in this Performance Stock Unit Award Agreement (this “**Agreement**”), any capitalized terms used herein will have the same meaning ascribed to them in the Compass, Inc. 2021 Equity Incentive Plan (the “**Plan**”).

Participant has been granted Performance Stock Units (“**PSUs**”) subject to the terms, restrictions, and conditions of the Plan, the Notice of Performance Stock Unit Award (the “**Notice**”), and this Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Agreement, the terms and conditions of the Plan will prevail.

1. Settlement. Settlement of PSUs shall be made in the same calendar year as the applicable date of vesting under the vesting schedule set forth in the Notice; provided, however, that if a vesting date under the vesting schedule set forth in the Notice occurs in December, then settlement of any PSUs that vest in December shall be made within 30 days of vesting. Settlement of PSUs shall be in Shares. Settlement means the delivery to Participant of the Shares vested under the PSUs. No fractional PSUs or rights for fractional Shares will be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested PSUs, Participant will have no ownership of the Shares allocated to the PSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividend equivalents, if any (whether in cash or Shares), will not be credited to Participant, except as permitted by the Committee.

4. Non-Transferability of PSUs. The PSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. Termination; Leave of Absence; Change in Status. If Participant’s Service terminates for any reason, all unvested PSUs will be forfeited to the Company immediately, and all rights of Participant to such PSUs automatically terminate without payment of any consideration to Participant. Participant’s Service will be considered terminated as of the date Participant is no longer providing services (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any) and will not, subject to the laws applicable to Participant’s Award, be extended by any notice period mandated under local laws (e.g., Service would not include a period of “garden leave” or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant’s service status changes between full and part-time status and/or in the event Participant is on an approved leave of absence in accordance the Company’s policies relating to work schedules and vesting of awards or as determined by the Committee. Participant acknowledges that the vesting of the Shares pursuant to this Notice and Agreement is subject to Participant’s continued Service. In case of any dispute as to whether termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be providing services while on an approved leave of absence).

6. Taxes.

(a) **Responsibility for Taxes**. To the extent permitted by applicable law, Participant acknowledges that, regardless of any action taken by the Company or, if different, a Parent, Subsidiary or Affiliate employing or retaining Participant (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("**Tax-Related Items**") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. **PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.**

(b) **Withholding**. Prior to any relevant taxable or tax withholding event, to the extent permitted by applicable law and as applicable, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);
- (iii) withholding Shares to be issued upon settlement of the PSUs, provided the Company only withholds the number of Shares necessary to satisfy no more than the maximum applicable statutory withholding amounts;
- (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or
- (v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be a mandatory sale (unless the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish an alternate method prior to the taxable or withholding event).

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and will receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company has no obligation to deliver Shares or proceeds from the sale of Shares to Participant until Participant has satisfied the obligations in connection with the Tax-Related Items as described in this Section.

7. Nature of Grant. By accepting the PSUs, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the PSUs is exceptional, voluntary, and occasional, and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (c) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) Participant is voluntarily participating in the Plan;
- (e) the PSUs and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company or the Employer and will not interfere with the ability of the Company or the Employer, as applicable, to terminate Participant's employment or service relationship (if any);
- (f) the PSUs and the Shares subject to the PSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) the PSUs and the Shares subject to the PSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement, or welfare benefits or similar payments;
- (h) unless otherwise agreed with the Company, the PSUs, and the Shares subject to the PSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary, or Affiliate;
- (i) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;
- (j) no claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the PSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Employer, the Company, and any Parent, Subsidiary or Affiliate; waives his or her ability, if any, to bring any such claim; and releases the Employer, the Company, and any Parent, Subsidiary, or Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (k) unless otherwise provided in the Plan or by the Company in its discretion, the PSUs and the benefits evidenced by this Agreement do not create any entitlement to have the PSUs or any such benefits

transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(I) the following provisions apply only if Participant is providing services outside the United States:

- (i) the PSUs and the Shares subject to the PSUs are not part of normal or expected compensation or salary for any purpose;
- (ii) Participant acknowledges and agrees that neither the Company, the Employer nor any Parent or Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other PSU grant materials by and among, as applicable, the Employer, the Company and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to the Company's broker, or other third party ("Online Administrator") and its affiliated companies or such other stock plan service provider as may be designated by the Company from time to time that is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker, or such other stock plan service provider as may be designated by the Company from time to time, and any other possible recipients that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's

consent is that the Company would not be able to grant PSUs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

Finally, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form (or any other agreements or consents) that the Company or the Employer may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

10. Language. Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the PSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the PSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the PSUs are granted under and governed by the Notice, this Agreement, and the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the PSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan, and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments, or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of or adverse amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party. Notwithstanding the foregoing, if Participant is a party to any employment or severance agreement with the Company that provides for any additional or replacements terms with respect to the PSUs (including with respect to acceleration of vesting and/or the period during which the PSUs remain outstanding post-termination), then the PSUs shall be subject to any additional terms and conditions set forth therein.

15. Compliance with Laws and Regulations. The issuance of Shares and the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal, local and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Common Stock with any state, federal, or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company will have unilateral authority to amend the Plan and this PSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this PSU Agreement will be endorsed with appropriate legends, if any, determined by the Company.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a

mutually agreeable and enforceable replacement for such provision, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed, and interpreted in accordance with the laws of the State of Delaware, without giving effect to such state's conflict of laws rules. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the state and federal courts in New York City, New York. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning, or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning, or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall create a right to employment or other Service or be interpreted as forming or amending an employment, service contract or relationship with the Company and this Agreement shall not affect in any manner whatsoever any right or power of the Company, or a Parent, Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

19. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the PSUs (whether in writing or electronically), Participant and the Company agree that the PSUs are granted under and governed by the terms and conditions of the Plan, the Notice, and this Agreement. Participant has reviewed the Plan, the Notice, and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and Agreement, and fully understands all provisions of the Plan, the Notice, and this Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice, and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of the PSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements), or other communications or information related to the PSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email, or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service, or electronic mail to Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery if local laws prohibit such consent.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country of residence, the broker's country, or the country in which the Shares are listed, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to, directly or indirectly, acquire or sell the Shares or rights to Shares under the Plan during

such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in or regulations in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing the inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

21. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

22. Code Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("**Section 409A**"). Notwithstanding anything else provided herein, to the extent any payments provided under this PSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment will not be made or commence until the earlier of (a) the expiration of the six (6) month period measured from Participant's separation from service to the Employer or the Company, or (b) the date of Participant's death following such a separation from service; provided, however, that such deferral will only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this PSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. Award Subject to Company Clawback or Recoupment. To the extent permitted by applicable law, the PSUs will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy and applicable law, the Company may require the cancellation of Participant's PSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's PSUs.

BY ACCEPTING THIS AWARD OF PSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

COMPASS, INC.
EXECUTIVE BONUS PLAN
(amended and restated as of November 2, 2023)

1. **Effective Date; Objective.** This Executive Bonus Plan ("Plan") shall be effective as of March 1, 2022 (the "Effective Date") and is effective for calendar year 2022 and each year thereafter (each, an "Eligibility Period"), unless otherwise amended or terminated by Compass, Inc. ("Compass") in accordance with the Plan. The Plan supersedes all prior bonus plans, and all such bonus plans shall have no force and effect following the Effective Date. The objective of the Plan is to financially incentivize and reward employees based upon Compass's performance and for their individual contributions to the success of Compass.
2. **Administration.** The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Plan Administrator" or the "Administrators"), which shall have the discretionary authority to interpret and administer the Plan, including all terms defined herein, and to adopt rules and regulations to implement the Plan, as it deems necessary. Notwithstanding the foregoing, the approval of the Plan Administrator shall be required for the approval of the Plan itself and any material amendments to the Plan and approval of the aggregate payout under the Plan. All of the foregoing may also be approved by the Board of Directors. The decisions of the Administrators are final and binding and shall be given the maximum deference permitted by law.
3. **Eligible Executives.** Participation in the Plan is limited to: (a) executives employed within salary band level M10 or above; (b) who are employed on or before the start of the applicable Eligibility Period; and (c) who are not covered by any other bonus, commission, or incentive plan ("Eligible Executives"); provided however that with Plan Administrator prior approval, selected employees employed within salary band level M9 may be included as Eligible Executives. Participation in the Plan for each Eligible Executive is effective on January 1 of the Eligibility Period or the day the Eligible Executive becomes employed within salary band level M10 or higher during any Eligibility Period. An Eligible Executive may be considered ineligible for the Plan at any time and for any reason at the Administrators' discretion regardless of whether he or she remains an employee of Compass. This Plan is intended to compensate individuals for performance as well as encourage employee retention through and until the date the bonus is paid; retention is therefore a key component of Plan eligibility. This Plan excludes employees who are not expressly classified by Compass as "regular," including but not limited to temporary employees.
4. **Changes in Plan.** Compass reserves the right, in its sole discretion, to modify or terminate the Plan in total or in part, at any time. Any such change must be in writing and approved by the

Plan Administrator. However, no modification or termination shall apply retroactively as to cause a forfeiture of an earned Bonus.

5. Interpretation of Plan. In the event of a question or dispute involving the interpretation or administration of the Plan, the Plan Administrator will interpret and administer the Plan. The decision of the Plan Administrator shall be made based upon its sole discretion and shall be final and binding. All inquiries should be in writing to the Chief Human Resources Officer, who will forward the inquiry to the Plan Administrator for consideration and decision within 30 business days.

6. Entire Agreement. This Plan is the entire plan between Compass and Eligible Executives and supersedes all prior compensation or incentive plans or any written or verbal representations regarding the subject matter of this Plan.

7. Bonus Pool. Each Eligibility Period, the Plan Administrator, in its sole discretion, will establish a Bonus Pool, which may be established before, during or after the applicable Eligibility Period. Actual awards will be paid from the Bonus Pool.

8. Discretion to Determine Criteria. The Plan Administrator will, in its sole discretion, determine the performance goals applicable to any award. The goals may be on the basis of any such factors the Plan Administrator determines relevant, and may be on an individual, divisional, business unit or company-wide basis. Performance goals may be measured over the period of time determined by the Plan Administrator in its sole discretion. An Eligibility Period may be divided into one or more shorter periods if, for example, but not by way of limitation, the Plan Administrator desires to measure all or some performance criteria over 12 months and other criteria (if any) over fewer months. The performance goals may differ from Eligible Executive to Eligible Executive and from award to award. Failure to meet the goals will result in a failure to earn the award, except as provided herein. The performance goals may be based on GAAP or non-GAAP results as determined in the sole discretion of the Plan Administrator and any actual results may be adjusted by the Plan Administrator for one-time items, unbudgeted or unexpected items, acquisition-related activities or changes in applicable accounting rules when determining whether the performance goals have been met. It is within the sole discretion of the Plan Administrator to make or not make any such equitable adjustments.

9. Eligible Earnings. Eligible Earnings are defined as base salary, prorated for hire date, base salary rate changes, bonus target percent changes and leaves of absence (proration based on 365 days in the year) that occur in the Eligibility Period. Eligible earnings exclude Compass payments that are in addition to base salary including but not limited to payments for moving or relocation allowances, or other bonuses or commissions. Changes to base salary throughout the calendar year will be reflected in final wages used to calculate the bonus.

10. Bonus Target. The “Bonus Target” is the percentage of Eligible Earnings to be paid out at 100% performance achievement, determined by each Eligible Executive’s position and communicated at the time of hire or as amended in writing. The bonus may be weighted based on Individual Performance (to be defined in any arrangements established under this Plan) to measurable objectives and Compass Performance (to be defined in any arrangements established under this Plan). The bonus can provide for payout above target for performance in excess of the Individual Performance factors and/or Compass Performance factors.

The Plan Administrator reserves the right, in its sole discretion, to reduce or eliminate the amount of a bonus payment otherwise payable to an Eligible Executive. In addition, the Plan Administrator reserves the right, in its sole discretion, to increase the amount of an incentive payment otherwise payable to an Eligible Executive with respect to any period.

11. Bonus Vesting and Payments. Bonuses are earned on the date of payment and not sooner, either in whole or in part, subject to continued employment as of such date. Bonuses will be paid in cash. Bonuses will be paid as soon as practicable after Compass announces its financial results for the fiscal year, which generally occurs in the first quarter of the succeeding year. Bonuses, if any, will be paid before March 15 of such succeeding calendar year. All bonus payments will be made net of applicable withholding taxes.

12. Transfers. Employees who participate in the Plan and who transfer to a new position not covered by this Plan and instead covered by another bonus, sales or incentive plan may be considered for a Bonus calculated on a pro-rata basis for the applicable period. The Administrators will coordinate and administer this Plan with the other bonus, sales, or incentive plan and his/her/its determinations shall be final and binding.

13. Inactive Employees. Employees on leave of absence or extended vacation will be considered for a prorated Bonus for both Compass Performance and Individual Performance (based upon their level of performance and contribution while actively employed during the plan year). The proration will be calculated based on the percentage of the year worked. The Administrators will determine the appropriate proration and his/her determinations shall be final and binding.

14. Termination of Employment Before Date of Payment Subject to a different decision by the Plan Administrator, which it may make in its sole discretion, an Eligible Executive who terminates employment before the date the bonus is earned, whether termination is voluntary or involuntary, shall earn no Bonus.

15. All Bonuses Subject to Company Clawback or Recoupment. Notwithstanding any other provision of this Plan to the contrary, all bonuses provided for herein are subject to recovery by the Company pursuant to any compensation recovery policy adopted by the Board or the Committee at any time, as amended from time to time, including any such policy adopted in

response to the requirements of Section 10D of the Exchange Act, the SECs final rules thereunder, and any applicable listing rules or other rules and regulations implementing the foregoing or as otherwise required by law.

16. Employment at Will. The employment of all Eligible Executives at Compass is for an indefinite period of time and is terminable at will, at any time by either party, with or without cause being shown or advance notice by either party. This Plan shall not be construed to create a contract of employment for a specified period of time between Compass and any Eligible Executive, or to change the at-will employment status of any Eligible Executive.

17. General Provisions. Bonus payments represent unfunded and unsecured obligations of Compass and a holder of any right hereunder in respect of any incentive payment shall have no rights other than those of a general unsecured creditor to Compass. No Eligible Executive will have the right to alienate, pledge or encumber his or her interest in this Plan, and such interest will not (to the extent permitted by law) be subject in any way to the claims of the Eligible Executive's creditors or to attachment, execution or other process of law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any bonus payment shall be determined in accordance with the laws of the State of New York (without giving effect to principles of conflicts of laws thereof) and applicable Federal law. No incentive payment made under the Plan is intended to be deferred compensation under Section 409A of the Code and will be interpreted accordingly. The Plan is intended to be a "bonus program" as defined under U.S. Department of Labor regulation 2510.3-2(c) and will be construed and administered in accordance with such intention. Eligible Executives must stay in material compliance with all Compass policies which are applicable to them in order to remain eligible for payments under this Plan. The determination of an otherwise Eligible Executive's compliance with Compass policies will be made by the Plan Administrator in its reasonable discretion.

Compass, Inc.
Amended and Restated Cash Bonus Agreement

This Amended and Restated Cash Bonus Agreement (this **‘Agreement’**) by and between Brad Serwin (**‘You’**) and Compass, Inc. (the **‘Company’**), is dated as of August 17, 2023 and is intended to entirely amend and restate that certain Cash Bonus Agreement between the parties dated December 30, 2020 (the **‘Old Agreement’**) in its entirety.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Offer Letter between you and the Company, dated May 11, 2020, as amended by that certain Amendment thereto, dated as of December 21, 2020 (as amended, the **‘Offer Letter’**).

SECTION 1. EQUITY GRANT / WAIVERS.

- a. **Grant.** In consideration of your service to the Company as General Counsel and Corporate Secretary in FY2020, the Company awarded to you under the Old Agreement a discretionary cash bonus award in the amount of \$1,800,000 (one million, eight hundred thousand dollars) (the **‘Discretionary Bonus’**) on the terms and conditions set forth in the Old Agreement, including, for the avoidance of doubt, the Company’s right to require repayment of all or a portion of the Discretionary Bonus in the event of certain reasons for termination of your service on or before March 14, 2028, as specified in the Repayment Schedule in the Old Agreement. The Discretionary Bonus was paid in a regular payroll cycle of the Company on January 15, 2021.
- b. **Equity Grant Waivers.** In consideration of the Company entering into this Agreement You agree and hereby acknowledge that you will not be entitled to be granted the third tranche of your previously awarded four year RSU grant commitment made to you in March 2022 (the **‘2022 Award’**, which commitment is detailed in Exhibit A hereto) and you will not be entitled to receive the second tranche of your previously awarded four year RSU grant commitment made to you in April 2023 (the **‘2023 Award’**, which commitment is detailed in Exhibit B hereto); provided however that you will continue to be entitled to be granted the fourth tranche of the 2022 Award and the third and fourth tranches of the 2023 Award in the ordinary course and subject to the same terms and conditions as originally applied to the 2022 Award and the 2023 Award. This Agreement is not intended to change Your eligibility to participate in the Company’s annual equity refresh program in 2024 and thereafter, provided that awards under the program remain entirely in the Company’s discretion.

SECTION 2. REPAYMENT.

- a. **Termination of Service.** If your Service (defined as your service to the Company and/or its subsidiaries as an Employee, Consultant or Outside Director) terminates for any reason other than a termination specified in Section 2(d) below, the Discretionary Bonus shall be repayable to the Company in part in accordance with the following schedule (the **‘Repayment Schedule’**) subject to reduction pursuant to Section 3(b) below, if applicable (any such applicable amount, the **‘Repayment Amount’**)

Repayment Schedule

Last date of Service with Compass	Repayment Amount
On or before June 15, 2024	44.44% of Discretionary Bonus
June 15, 2024 to September 14, 2024	44.44% of Discretionary Bonus
September 15, 2024 to December 14, 2024	38.2% of Discretionary Bonus
December 15, 2024 to March 14, 2024	31.9% of Discretionary Bonus
March 15, 2025 to June 14, 2024	25.7% of Discretionary Bonus
June 15, 2025 to September 14, 2024	19.4% of Discretionary Bonus
September 15, 2025 to December 14, 2024	14.2% of Discretionary Bonus
December 15, 2025 to March 14, 2024	6.9% of Discretionary Bonus
March 15, 2026 to June 14, 2024	0.7% of Discretionary Bonus

For the avoidance of doubt, should your Service cease on or after June 15, 2026, you shall not be obligated to repay any portion of the Discretionary Bonus. For further clarity it is the intent of this Agreement to waive any repayment obligation for 55.56% of the Discretionary Bonus in consideration of the waivers and acknowledgements in Section 1(b) above.

- b. **Waiver of Repayment After Termination of Service.** To the extent that you are obligated to repay any portion of the Discretionary Bonus pursuant to the foregoing Section 2(a) in connection with the termination of your Service, the Compensation Committee (the “**Committee**”) of the Board of Directors (the ‘**Board**’) of the Company (or, if the Committee does not have appropriate authority at the applicable time, the Board) may take action to waive all or a portion of such repayment obligation. In no event will all or part of such repayment obligation be waived after termination of your Service unless the Committee or Board takes affirmative action pursuant to the preceding sentence or unless expressly provided in a written agreement between you and the Company.
- c. **Part-Time Employment and Leaves of Absence.** If you commence working on a part-time basis, then the Company may adjust the Repayment Schedule set forth herein. If you go on a leave of absence, then, to the extent permitted by applicable law, the Company may adjust or suspend the Repayment Schedule set forth herein. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while you are on a *bona fide* leave of absence approved by the Company in writing. Service shall be deemed to terminate when such leave ends, unless you immediately return to active work when such leave ends.

d. **Acquisition.** Notwithstanding anything to the contrary herein, in the event of an acquisition of Compass by an otherwise unaffiliated entity where your Service is terminated without Cause during the period that begins 60 days prior to the closing of such acquisition and ends 365 days after the closing of such acquisition, subject to your execution and non-revocation of an effective release of claims in favor of the Company in a form reasonably acceptable to the Company, the Repayment Schedule shall not apply in any respect and you shall be entitled to retain the full amount of the Discretionary Bonus).

SECTION 3. TAXES; TIMING OF REPAYMENT.

a. **Withholding Taxes.** The Company employing you at the time withheld from the Discretionary Bonus all applicable federal, State, and local income and employment withholding taxes which arose in connection therewith and which were so required to be withheld (the “**Withholding Taxes**”). You acknowledged and agreed in the Old Agreement that the full Discretionary Bonus was taxable at the time of payment to You.

b. **Timing of Repayment; Repayment Net of Taxes.** In the event that you are required to repay a Repayment Amount in accordance with Section 2(a) hereof, you shall repay the applicable Repayment Amount to the Company within thirty (30) days after your last day of Service with the Company. The Repayment Amount payable pursuant to Section 2(a) shall be reduced by any federal, state and/or local taxes withheld by the Company in respect of such Repayment Amount and any federal, state and/or local income taxes paid by you with respect to the Repayment Amount, taking into account the marginal tax rate applicable thereto (the “**Applicable Income Taxes**”); provided, that in the event that you receive a tax refund of any or all of the Applicable Income Taxes, you shall repay to the Company such Applicable Income Taxes within thirty (30) days of your receipt thereof. The Company agrees to reimburse you for the cost of any application to obtain a refund of Applicable Income Taxes and reasonable expenses in connection therewith, and additionally agrees to reimburse you for the cost of any audit arising in connection with the Discretionary Bonus or the Repayment Amount.

SECTION 4. MISCELLANEOUS PROVISIONS.

a. **No Discretionary Bonus Rights.** Nothing in this Agreement shall confer upon you the right to remain in Service in any capacity for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any subsidiary or successor in interest of the Company employing you or retaining you at such time) or you, which rights are hereby expressly reserved by each, to terminate your Service at any time and for any reason, with or without cause.

b. **Notice.** Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation, with shipping charges prepaid or (iv) deposit with any internationally recognized express mail courier service, with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to you at the address that you most recently provided to the Company in accordance with this Section 4(b). In addition, to the extent required or permitted pursuant to rules established by the Company from time to time, notices may be delivered electronically.

- c. **Counsel.** Fenwick & West LLP, represented the Company in connection with the negotiation and execution of the Old Agreement, and did not undertake to represent you in connection therewith or in connection with this Agreement. To the extent that you desire, you should retain counsel and/or tax advisors of your own choosing in order to represent and protect your interests.
- d. **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
- e. **Entire Agreement.** This Agreement constitutes the entire understanding between you and the Company regarding the subject matter hereof. It supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof, including any applicable provision of the Old Agreement, your Offer Letter or the First Amendment to your Offer Letter.
- f. **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.
- g. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
- h. **Successors and Assigns.** Except as otherwise expressly provided to the contrary, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and be binding upon you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person has become a party to this Agreement or has agreed in writing to join herein and to be bound by the terms, conditions and restrictions hereof.
- i. **Service Commitment.** The foregoing changes to the Old Agreement are conditioned upon You remaining in Service to the Company through at least December 31, 2024 unless You are terminated without Cause by the Company prior to that date in which case this condition is waived.

SECTION 5. EXTRAORDINARY COMPENSATION.

The Discretionary Bonus was, and this Agreement shall be an extraordinary item of compensation outside the scope of your employment contract, if any, and (a) shall not be considered a part of your normal or expected compensation for purposes of calculating

severance, resignation, redundancy or end- of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and (b) shall not be taken into account in connection with any ordinary course decision about your compensation (whether cash, equity or otherwise), except as set forth in Section 1(b) hereof.

By signing below or otherwise accepting this bonus in a manner acceptable to the Company, you hereby acknowledge that (i) this Agreement supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof; and (ii) the Discretionary Bonus is subject to the terms and conditions herein, including the Repayment Schedule.

Recipient: Compass, Inc.

/s/ Brad Serwin /s/ Robert Reffkin

By: Brad Serwin By: Robert Reffkin, CEO

Subsidiaries of Compass, Inc.

Name of Subsidiary	Jurisdiction
Compass Brokerage, LLC	Delaware
Compass California II, Inc.	Delaware
Compass California, Inc.	Delaware
Compass Management Holdings, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-254976, 333-263115 and 333-270154) of Compass, Inc. of our report dated February 28, 2024 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 28, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, Robert Reffkin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Compass, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2024

/s/ Robert Reffkin

Robert Reffkin

Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934**

I, Kalani Reelitz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Compass, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2024

/s/ Kalani Reelitz

Kalani Reelitz

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

I, Robert Reffkin, Chief Executive Officer of Compass, Inc. (the "Company"), certify pursuant to 18 U.S.C. Section 1350 that, to my knowledge, the Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ Robert Reffkin

Robert Reffkin

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

I, Kalani Reelitz, Chief Financial Officer of Compass, Inc. (the "Company"), certify pursuant to 18 U.S.C. Section 1350 that, to my knowledge, the Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ Kalani Reelitz

Kalani Reelitz

Chief Financial Officer

COMPASS, INC.

COMPENSATION RECOVERY POLICY

Adopted November 2, 2023

Policy

The Board of Directors (the "Board") of Compass, Inc. (the "Company") has adopted this Compensation Recovery Policy (this "Policy") pursuant to Rule 10D-1 of the Securities and Exchange Act of 1934, as amended (the Exchange Act"), the Securities and Exchange Commission ("SEC") regulations promulgated thereunder, and applicable New York Stock Exchange ("NYSE") listing standards. Subject to and in accordance with the terms of this Policy and Compass, Inc. 2021 Equity Incentive Plan, upon a Recoupment Event, each Covered Executive shall be obligated to return to the Company, reasonably promptly, the amount of Erroneously Awarded Compensation that was received by such Covered Executive during the Lookback Period.

Administration

This Policy will be administered by the Compensation Committee of the Board (the Committee). Any determinations made by the Committee will be final and binding on all affected individuals.

Definitions

Accounting Restatement means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement (a) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement), or (b) to correct an error that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement).

Covered Executive means each of the Company's current and former Section 16 Officers.

Erroneously Awarded Compensation means, with respect to each Covered Executive in connection with an Accounting Restatement, the excess of the amount of Incentive-Based Compensation received by the Covered Executive during the Lookback Period over the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (a) the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (b) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE.

Financial Reporting Measures are any measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC.

Incentive-Based Compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

Lookback Period means the three completed fiscal years immediately preceding the Required Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

A “Recoupment Event” occurs when the Company is required to prepare an Accounting Restatement.

“Required Restatement Date” means the earlier to occur of: (a) the date the Company’s Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“Section 16 Officer” is defined as an “officer” of the Company within the meaning of Rule 16a-1(f) of the Exchange Act.

“Section 409A” means Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder.

Amount Subject to Recovery

The Incentive-Based Compensation that is subject to recovery under this Policy includes such compensation that is received by a Covered Executive (i) on or after October 2, 2023 (even if such Incentive-Based Compensation was approved, awarded or granted prior to this date), (ii) after the individual began service as a Covered Executive, (iii) if the individual served as a Section 16 Officer at any time during the performance period for such Incentive-Based Compensation, and (iv) while the Company has a class of securities listed on a national securities exchange or national securities association.

The amount of Incentive-Based Compensation subject to recovery from a Covered Executive upon a Recoupment Event is the Erroneously Awarded Compensation, which amount shall be determined by the Committee.

For purposes of this Policy, Incentive-Based Compensation is deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

Recovery of Erroneously Awarded Compensation

Promptly following a Recoupment Event, the Committee will determine the amount of Erroneously Awarded Compensation for each Covered Executive, and the Company will provide each such Covered Executive with a written notice of such amount and a demand for recovery. Recovery may include, without limitation, (a) reimbursement of all or portion of any Incentive- Based Compensation, (b) cancellation of Incentive-Based Compensation and (c) any other method authorized by applicable law or contract.

Upon receipt of such notice, each affected Covered Executive shall promptly repay or return such Erroneously Awarded Compensation to the Company. If such repayment or return is not made within a reasonable time, the Company shall recover Erroneously Awarded Compensation in a reasonable and prompt manner using any lawful method determined by the Committee; provided that recovery of any Erroneously Awarded Compensation must be made in compliance with Section 409A.

Limited Exceptions

Erroneously Awarded Compensation will be recovered in accordance with this Policy unless the Committee determines that recovery would be impracticable and one of the following conditions is met:

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided the Company has first made a reasonable effort to recover the Erroneously Awarded Compensation; or
- the recovery would likely cause a U.S. tax-qualified retirement plan to fail to meet the requirements of Internal Revenue Code Sections 401(a)(13) and 411(a) and the regulations thereunder.

Reliance on any of the above exemptions will further comply with applicable listing standards, including without limitation, documenting the reason for the impracticability and providing required documentation to NYSE.

No Insurance or Indemnification

Neither the Company nor any of its affiliates or subsidiaries may indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation (or related expenses incurred by the Covered Executive) pursuant to a recovery of Erroneously Awarded Compensation under this Policy, nor will the Company nor any of its affiliates or subsidiaries pay or reimburse a Covered Executive for any insurance premiums on any insurance policy obtained by the Covered Executive to protect against the forfeiture or recovery of any compensation pursuant to this Policy.

Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be applied and interpreted in a manner that is consistent with the requirements of Rule 10D-1 and any applicable regulations, rules or standards adopted by SEC or the rules of any national securities exchange or national securities association on which the Company's securities are listed. In the event that this Policy does not meet the requirements of Rule 10D-1, the SEC regulations promulgated thereunder, or the rules of any national securities exchange or national securities association on which the Company's securities are listed, this Policy shall be deemed to be amended to meet such requirements.

Indemnification of Policy Administrators

Any members of the Committee who participate in the administration of this Policy shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent permitted under applicable law and Company governing documents and policies with respect to any such action, determination or interpretation. The foregoing shall not limit any other rights to indemnification of the members of the Committee under applicable law or Company governing documents and policies.

Amendment; Termination

The Board or the Committee may amend this Policy in its discretion and shall amend this Policy as it deems necessary to comply with the regulations adopted by the SEC under Rule 10D-1 and the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Board or the Committee may terminate this Policy at any time. Notwithstanding anything herein to the contrary, no amendment or termination of this Policy shall be effective if that amendment or termination would cause the Company to violate any federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

Other Recoupment Rights

Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar provision in any employment agreement or other compensation plan or agreement and any other legal remedies available to the Company. This Policy is in addition to any other clawback or compensation recovery, recoupment or forfeiture policy in effect or that may be adopted by the Company from time to time, or any laws, rules or listing standards applicable to the Company, including without limitation, the Company's right to recoup compensation subject to Section 304 of the Sarbanes-Oxley Act of 2002 and Compass, Inc. Compensation Recoupment and Forfeiture Policy. To the extent that application of this Policy would provide for recovery of Erroneously Awarded Compensation that the Company recovers pursuant to another policy or provision, the amount that is recovered will be credited to the required recovery under this Policy.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

**ACKNOWLEDGMENT TO
COMPASS, INC.
COMPENSATION RECOVERY POLICY**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Compass, Inc. (the "Company") Compensation Recovery Policy (as it may be amended and in effect from time to time, the "Policy") and understands the terms of the Policy. By signing this Acknowledgement, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy for the periods covered under the Policy and that the Policy will apply both during and after the undersigned's employment with, and provision of services to, the Company.

In the event of any inconsistency between the Policy and the terms of any employment or other agreement to which the undersigned is a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern.

Further, by signing below, the undersigned acknowledges that the Company will not indemnify the undersigned against the loss of an Erroneously Awarded Compensation (as defined in the Policy) and agrees to abide by the terms of the Policy, including, without limitation, by forfeiting, returning and/or reimbursing any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

Signature

Printed Name

Date