Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

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; • ~~Interest rates~~ **The effect of monetary policies of the federal government** and ~~changes in prevailing~~ **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 ~~adjacent~~ **integrated** services; • Our ability to realize the expected benefits from joint ventures; • Our ability to ~~manage~~ **compete successfully; • Our ability to attract and retain highly qualified personnel and to recruit agents; • Our ability to re- accelerate** our **business** ~~continuous rapid~~ growth **given** ~~effectively and to carefully manage~~ our **current** expense structure; • Use of cash to satisfy tax withholding obligations that arise in connection with settlements of RSU awards ~~; • Our ability to compete successfully; • Monetary policies of the federal government and its agencies; • Decreases in our gross commission income or the percentage of commissions that we collect~~ ; • Fluctuations in our quarterly results and other operating metrics; • The loss of one or more of our key personnel ~~; • Our ability to attract and retain highly qualified personnel and to recruit agents~~ ; • 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; • ~~The impact of cybersecurity incidents~~ **Depository banks not honoring our escrow** and **trust deposits** ~~the potential loss of critical and confidential information~~ ; • ~~Identification~~ **Adoption** of **alternatives** ~~material weaknesses in our internal control over financial reporting, our ability~~ to ~~remediate such material weaknesses, and our~~ **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 ~~, including the impact of the COVID- 19 pandemic~~ ; • **The effect of the** ~~Declining home inventory levels; • Claims~~ **claims** , lawsuits, government investigations, and other proceedings ~~involving Compass~~ ; • 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. ~~On July 21, 2022, NAR restated monthly average (mean) sales prices (" ASP") of existing homes from January 2020 through June 2022 to reflect their change in methodology to better account for outliers of high priced homes, noting that the ASPs are NAR' s best estimates and given the outliers, they are less reliable. This resulted in higher monthly ASPs of existing homes than what was reported prior and higher total market Gross Transaction Value than what was reported prior. As a result of the changes in the NAR methodology, our previously reported national market share in 2021 changed from 5. 6 % to 4. 5 %. Our national market share in 2022 and 2021 reported in this Annual Report was calculated using ASP data based on the updated NAR methodology. This Annual Report includes references to our Net Promoter Score, or NPS. NPS is a proxy for measuring agents' brand loyalty and satisfaction, ranging from- 100 to 100 based on the question: " On a scale of 0 to 10, with 10 being extremely likely, how likely are you to recommend Compass to another agent? " Our NPS is based on agents who respond to the survey question, which is automatically generated via email on a bi- monthly cadence, and evenly distributed across our markets. Our NPS is calculated by using the standard methodology of subtracting the percentage of agents who respond that they are not likely to recommend Compass (6 or lower) from the percentage of agents that respond that they are extremely likely to recommend Compass (9 or 10). The NPS gives no weight to agents who decline to answer the survey question. This method is substantially consistent with how businesses across our industry and other industries typically calculate their NPS. We use NPS to evaluate how satisfied agents are with our platform~~

~~and how effective our platform is at enabling our agents to best serve clients.~~ 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 ~~are a technology- enabled brokerage that provides~~ - **provide** an end- to- end platform **that** ~~of software, services, and support to empower~~ **empowers** our residential real estate agents to deliver exceptional service to seller and buyer clients ~~. Real estate agents are themselves business owners, and Compass agents utilize the platform to grow their respective businesses, save time and manage their businesses more effectively~~ . 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 ~~and enabling our core brokerage services~~ . ~~The~~ **Our** platform also uses proprietary data, analytics, **AI** ~~artificial intelligence~~ , 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 ~~and~~ **utilize the platform to grow** their ~~clients~~ **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 ~~, which agents use to assist home sellers and buyers in listing, marketing, selling and finding homes as well as through the provision of services adjacent to the transaction, such as title, escrow and mortgage~~ . While ~~adjacent~~ **integrated** services comprise a small portion of our revenue to date, we **believe we** are well- positioned to capture meaningful revenue from ~~adjacent~~ **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 ~~2022~~ **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 ~~agents designed over two million different pieces of marketing content through our~~ platform **also** ~~in 2022.Advising Sellers Our platform~~ 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 ~~interest- free~~ 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 ~~floorplan~~ **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 ~~adjacent~~ **integrated** services to clients such as title ~~,~~ **and** escrow and mortgage ~~services~~ in certain markets and referrals to service providers post- closing. ~~Advising Buyers~~ 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 ~~have represented either sellers or buyers in more than 700, 000 Total Transactions, totaling more than $ 780 billion in Gross Transaction Value. With 4. 6 % 1 of the U. S. market share in 2022, up from 4. 5 % in 2021, Compass remains the largest independent real estate brokerage by Gross Transaction Value. Of the large cities we serve that have a multiple listing service (" MLS Cities"), our market share in our top three MLS Cities by sales volume was approximately 28 % as of December 31, 2022. For the ten MLS Cities launched in 2018, our average market share has grown to approximately 12 % as of December 31, 2022. We believe there remains significant opportunity for us to grow our transactions by continuing to add agents to our platform and for our agents to grow their respective market shares even as we reduce our new agent recruiting incentives to zero. 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. Our agent- first strategy and differentiated platform have delivered strong results for Compass agents~~ and their clients ~~in 2022: •~~ **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 ~~principal~~ **solutions enable** agents **to conduct virtual and in- person** ~~transact more than the average agent at 7. 5 transactions per average principal agent versus the industry transactions per agent of 6. 4; • our~~ **tours for clients. Using** ~~principal agent retention rate continued to exceed 90 % in 2022; and •~~ our **CMA,** agents **can better understand the pricing dynamics** ~~are strong advocates, giving Compass a Net Promoter Score~~ of **specific** ~~65. 5. 1 We calculate our national market~~ **markets** ~~share by dividing our Gross Transaction Value~~ , **neighborhoods** ~~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 **features** ~~sales as reported by the NAR. Additionally~~ , **ultimately providing informed advice regarding potential offers** ~~higher usage of our platform contributed to enhanced agent economics, productivity and retention. A cohort study of platform usage among our agents2 found that in 2022, the top 25 % of agent teams who used the platform the most: • represented 63 % of all Compass~~

~~transactions; • grew their Gross Commission Income 6. 5x, compared to the bottom 25 % of agent teams; • retained principal agents at an annual rate of 99 % versus 91 % for the bottom 25 % of agent teams; and • used the platform consistently – top multi- agent teams spent an average of 4 hours and 18 minutes per day (assuming a five day work week) using the tools while single- agent teams used the platform more than 2 hours and 16 minutes per day. Residential real estate is one of the largest industries in the world. According to NAR, in 2022, 5. 03 million homes were sold in the U. S., which is 9 % lower than the average number of homes sold per year in 2015 to 2021. Housing is the single largest consumer expenditure in the U. S., and homes are often a substantial source of household wealth~~ . 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, 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 ~~2022~~ **2023** Profile of Home Buyers and Sellers, ~~86~~ **89** % of home sellers and ~~86~~ **89** % of home buyers ~~use~~ **used** a real estate agent or broker- levels that have remained consistent **since our inception** ~~over the last 10 years~~ , with 2012 levels at 88 % and 89 %, respectively ~~. When advising the seller, agents typically help price the property, help determine which renovations would be most beneficial for the sale, organize staging and photography, provide the seller with a full- service marketing program, list the property on a variety of portals, advertise it digitally and in print, show the property to prospective buyers, advise on sale negotiations, and prepare for and coordinate the closing of the transaction. When advising the buyer, agents typically locate specific properties that meet the buyer' s personal and financial parameters, tour properties with the buyer, help evaluate the pros and cons of each property, assist in preparing the bid and negotiating, refer adjacent service providers such as title and escrow agencies, mortgage brokers, real estate lawyers, home inspectors, movers, contractors and painters, and prepare for closing the transaction. Regardless of whether advising the seller or the buyer, the workflow of real estate agents is complex. Real estate agents are CEOs of their businesses, positioned at the center of a highly- specialized, multi- party workflow which involves complexity generally unseen by the buyer or seller. Agents serve as the liaison among the client, the counterparty and many other stakeholders related to the transaction. In addition to serving their clients directly, agents recommend, as appropriate, adjacent service providers from pre- sale to post- close. Real estate agents are also at the center of a broad array of industries, including residential construction, real estate brokerage, mortgage lending, title insurance and other adjacent services that drive a massive amount of economic spend – NAR estimates that the average residential real estate transaction leads to roughly $ 503, 100 of economic impact. As the CEOs of businesses at the center of a massive ecosystem with a multitude of stakeholders, agents have a unique position of influence and enable a large market opportunity. We believe the best agents are dynamic business owners, responsible for every function from attracting and retaining clients to managing finances and operations. We believe these entrepreneurs are needlessly constrained by a plethora of disconnected technology solutions, manual processes and antiquated systems. The real estate industry has lagged in technological innovation, and what innovation has occurred has not addressed agents' core challenges. The vast majority of technology products built for agents require them to manually transport data among various tools. These inefficiencies not only frustrate agents, but also limit their ability to effectively serve clients. We believe that real estate agents are an underserved group of business owners, and by providing them with a seamless, end- to- end platform, we can unlock enormous untapped economic potential. 2 The data in this analysis represents agent teams accounting for approximately 85 % of total company transactions in 2022. The remaining 15 % of transactions were excluded from the analysis because data was incomplete or unavailable, in part due to agent teams who came to us via acquisitions within 24 months prior to December 31, 2022. When measuring gross commission income growth, the analysis required that agent teams had been with Compass for at least 24 months in order to have a complete data set~~ . 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** ~~artificial intelligence~~ 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 ~~origination~~ . 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** ~~where they are~~ . The efficiencies that agents gain from adoption of our technology give them the opportunity to spend more time with clients. ~~With beautifully designed, consumer- grade user interfaces and an integrated set of workflows backed by powerful AI- driven analytics and insights, we provide our agents with a combination of ease- of- use and comprehensive, enterprise- grade software. This type of integrated platform, at scale, is unique in the real estate industry. Built on Amazon Web Services, the Compass platform uses a cloud native microservices architecture that is engineered for high scalability, reliability, performance and security. Our engineering development uses modern agile practices such as continuous integration and continuous delivery (" CI / CD"). We prioritize security and have detective, preventive, and automated corrective controls for network and web traffic, infrastructure auditing, software analysis, phishing prevention, email security gateway, secure remote gateways, software static code analysis, and secure configuration management. We have also broadened our usage of user access controls, including two- factor authentication and endpoint management, to reduce the risk of security incidents.~~ We continue to innovate and enhance our ~~software~~ platform with the goal of digitizing and automating all real estate workflows that empower agents to acquire and serve their clients. In ~~2022~~ **2023** , we ~~launched a series of new~~ **enhanced our platform by adding 103** features ~~across our agents' workflow~~ , including **Performance Tracker** ~~the ability to take a transaction from contract to payment via forms~~ , ~~offers,~~ **Compass AI** and ~~e~~ **' 1** - ~~signature functionality~~ **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 ~~and 2021~~ – Operating Expenses – Research and Development " for more information . The caliber and pedigree of our...... escrow and mortgage services in certain markets . 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 ~~artificial intelligence~~ **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** ~~artificial intelligence~~ to provide recommendations and insights, and integrates with other parts of our platform such as Marketing Center to create engaging content. • Business Tracker. ~~Released in January 2021,~~ 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. • 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. ~~• Agent Training. We offer training, including our self- service Compass Academy program and coaching, sales management, listing and transaction coordination, commission processing, and marketing design and consulting so that our agents can achieve their full potential. To nurture our agent talent, our self- service Compass Academy program allows for shared learning from among the highest performing Compass agents.~~ 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 ~~great~~ **high- performing** agents will continue to come to Compass. As more ~~great~~ **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 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. ~~Adjacent~~ **Integrated** Services We complement our technology platform with ~~adjacent~~ **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 ~~adjacent~~ **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** ~~an integrated~~ service- oriented mortgage offering to our agents' clients. **As** ~~In 2022, we acquired a title and escrow company and as~~ of December 31, ~~2022~~ **2023** , ~~our~~ **we provided** title and escrow services **in 7 states and Washington D. C** ~~were available for approximately half of our agents' transactions~~ . Additionally, OriginPoint is fully operational in ~~15~~ **30** states and Washington D. C. and licensed in ~~18~~ **6** other states. The synergies between these ~~adjacent~~ **integrated** services and our brokerage business increase transparency and deliver a more integrated closing process for agents and their clients. ~~Adjacent services represent a $ 132 billion addressable market in the U. S. alone. Our prior expansion into adjacent services and our future plans reaffirm our commitment to span the full transaction cycle and create more monetization opportunities for our business. We believe that we are well- positioned to capture meaningful revenue and EBITDA from the title and escrow services and mortgage origination as we continue to expand and diversify our offerings within the real estate ecosystem.~~ Title and Escrow Services Our title and escrow businesses provide ~~— through a growing network of agents —~~ 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 ~~. In 2022, our title and escrow businesses were involved in a number of transactions involving our agents and also saw significant business from non- Compass brokerages, consumers, and outside sources~~ . We provide title and escrow / closing services under a multitude of local brands. As of December 31, ~~2022~~ **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 ~~June 2022~~ **2024** ~~, we announced the wind- down of Modus Technologies, Inc, a wholly owned title and escrow software company, which was part of a broader plan to improve the alignment between our organizational structure and long- term business strategy, drive cost efficiencies and continue to drive toward profitability and positive free cash flow. In 2023~~ , we plan to ~~deepen~~ **remain opportunistic about adding additional title and escrow agencies and expanding** our ~~presence~~ **title and escrow operations** in **, and beyond,** our ~~existing markets~~ **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, ~~among others,~~ in **connection with** ~~the context of a new~~ purchase ~~or~~ **transactions and with** other customers not working with a brokerage in ~~the context of a~~ refinancing **situations** ~~in order to make loans available to a broader consumer audience. OriginPoint currently offers a growing product suite including: Conforming / HB Fixed, Conforming / HB ARM, Jumbo Fixed, Jumbo Arm, FHA, and VA loans~~ . 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, ~~2022~~ **2023** , OriginPoint has received license approval in ~~33~~ **36** states **and Washington D. C** . Compass Concierge is a program in which we provide home sellers access to ~~interest- free~~ 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, ~~in~~ **since** early 2023, we ~~also initiated pilots~~ **have maintained alternative home improvement programs** with several ~~alternative~~ third- party service providers to help our agents' clients prepare their homes for listing and sale. **Since inception and** ~~Through~~ **through** December 31, ~~2022~~ **2023** , we had partnered with our agents and sellers on Compass Concierge projects totaling approximately $ ~~978~~ **1. 14** ~~million~~ **billion ,** with an average project size of approximately $ ~~29~~ **28** , ~~400~~ **800** . **We believe the** ~~Compass Concierge homes have accounted for over $ 42 billion in Gross Transaction Value for Compass. 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; be solutions- driven; obsess about opportunity; collaborate without ego; maximize your strengths; and bounce back with passion. Our employees ~~and agents~~ 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, ~~2022~~ **2023** , we had ~~3~~ **2** , ~~191~~ **549** employees across ~~our innovation hubs in New York and Seattle, as well as other locations throughout~~ 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 ~~technology companies and~~ 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: ~~• providing software and technological innovation for agents, including marketing and CRM tools;~~ • brokering transactions for home buyers and sellers; • providing tools to agents associated with real estate data aggregation; and • providing ~~adjacent~~ **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 ~~; and • real estate brokerage firms~~ . 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. 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. 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. 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. 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 ~~Multiple Listing Services ("~~ 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, ~~2022~~ **2023** , we had more than ~~40~~ **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. 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 ~~Securities Exchange Act of 1934, as amended, or 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 ~~Twitter~~ **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, ~~results of operations,~~ financial condition ~~,~~ and ~~growth prospects~~ **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. ~~Our business~~ **Monetary policies of the federal government and** ~~is~~ **its agencies** ~~impacted by interest rates, and changes in prevailing interest rates~~ may have an adverse **impact on our business, financial condition and results of operations. 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 ~~our financial results. The financial performance of our brokerage business may be adversely affected by changes in prevailing interest rates, which may be impacted by a number of factors. We believe that low mortgage rates were a significant factor in the trend in increased homeowner equity and growth in home prices and sales. Historically record low~~ mortgage interest rates **. The** ~~available to potential homebuyers until recently have been affected by the policies of the~~ Federal Reserve Board **took aggressive actions aimed at controlling inflation in 2022 and 2023** , **including raising the** ~~which began increasing its primary policy~~ interest rate **and reducing its holdings of mortgage- backed securities. Rising interest rates** in ~~March~~ 2022 ~~, as well as reducing the size of its balance sheet~~ and **2023 have contributed** ~~such initiatives are expected~~ to **rising** ~~continue. Consequently,~~ mortgage interest rates ~~have significantly increased at~~ **, which in turn contributed to** a **decline** ~~rapid pace, and may continue to increase. In 2022, the cost of financing for homebuyers increased, which resulted~~ in **residential real estate** ~~higher monthly payment costs that make homes less affordable to buyers. In addition, higher mortgage rates caused reductions to~~ home **sale** ~~inventory as sellers considering a move faced higher rates on their new home mortgage. Both these trends caused a reduction in~~ transaction volume ~~. The financial performance of our mortgage joint venture business may also be adversely affected by changes in prevailing interest rates. As interest rates fall, refinancing generally becomes a larger portion of the mortgage loan market. Likewise, as interest rates rise, refinancing generally becomes a smaller portion of the mortgage loan market~~ and **inventory constraints** ~~demand may also decrease for purchase mortgages as home ownership becomes more expensive~~ . **While** ~~As stated above, in 2022, mortgage interest rates significantly and rapidly increased as the result of actions taken by~~ the Federal Reserve Board ~~to~~ **has indicated that it was shifting its policy toward pausing additional interest rate** ~~increase~~ **increases and potentially lowering** interest rates ~~. In turn, reduced demand for both refinancing and purchase mortgages and the resulting increase~~ in **2024** ~~competition among loan originators negatively impacted revenue volume and gross profit margin for our mortgage joint venture, OriginPoint. A continuation of these trends could perpetuate these negative business outcomes. 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 negatively impacted. Our success depends on our ability to continuously innovate and improve our platform to provide value to our agents and our agents' clients, including developing our CRM, Business Tracker, Marketing Center, listing, search, CMA, and other platform features for agents. 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 separate us from our competitors. However,~~ as **inflation declines** a result of our belief that we...... expansion of the brokerage business; however , there is no guarantee that ~~we~~ **it** will ~~be successful~~ **not shift its focus back to increasing interest rates** or ~~will expand~~ **lower interest rate** at ~~the rate~~ **a speed that** we anticipate ~~. In addition, in 2018, we entered into the adjacent services market and expanded our~~ **or at all** ~~adjacent services offerings to include title and escrow and mortgage origination services in certain markets~~ . **Changes in** ~~We think that the synergies between these~~ -- **the Federal Reserve Board** ~~adjacent services and our brokerage business increase transparency and deliver a more integrated closing process for our agents~~ ' **s policies** ~~clients and thus, provides additional value to our agents. However, currently, our adjacent services~~ are **beyond our control** ~~available only in certain markets~~ and ~~utilization rates remain low. If we~~ are **difficult to predict and** ~~unsuccessful in expanding these services into other markets, then we may not realize the expected benefits (including anticipated revenue), which~~ could negatively impact ~~our business, financial condition and results of~~

~~operations. Similarly, if our agents do not recommend our adjacent services to our agents' clients, then~~ **the residential real estate market** ~~our revenues from adjacent services will not grow as quickly as we expect. While we plan to continue to expand our brokerage and adjacent 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 **turn** ~~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 **business, financial condition and results of operations. Rising** interest **rates have contributed** ~~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 **decline in residential** ~~mortgage origination company, it is subject to many of the same factors that affect our~~ real estate ~~brokerage~~ **home sale transaction volume** and title and escrow **and** ~~services, including: regulatory changes; changes in~~ mortgage ~~underwriting standards; increases~~ **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 ~~; changes~~ **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 ~~real estate market conditions; changes in consumer~~ **the high mortgage interest rates environment. Both of these** trends **have contributed to inventory constraints** ~~; competition; decreases in operating margins;~~ and ~~changes~~ **a decline** in ~~economic conditions. Any of~~ **home sale transaction volume in** the ~~foregoing could~~ **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 ~~OriginPoint' s results of operations and financial condition, which could result in us not being able to realize~~ the **title and escrow activities** ~~expected benefits from the new joint venture. We have experienced rapid growth since inception, which may not be indicative of our future growth. Additionally, if we fail to manage our continuous rapid growth effectively, we may be unable to execute our business plan~~ , 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. ~~We~~ **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 ~~experienced rapid growth since our founding in 2012. We expect that, in the future, even if our revenue increases, our rate of growth may decline. In any event, we may not be able to grow as fast or at all, if we do not, among other things: attract and retain high- performing agents in markets we currently serve; expand into new markets; improve our software and develop additional functionality; develop~~ a **materially adverse effect on** ~~broader set of solutions; and execute opportunistic mergers and acquisitions. To preserve our market position, we may expand organically or~~ **our business** ~~acquire brokerages in new markets more quickly than if we did not operate in such a highly competitive industry~~ , ~~which~~ **operations, financial condition and results of operations. There** can be ~~challenging~~ **no assurances** as ~~some new markets~~ **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 ~~very distinctive characteristics~~ **an anti- competitive effect on the industry or are otherwise proscribed. Any such determination could result in industry investigations** , ~~some~~ **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 ~~unanticipated~~ **material), or otherwise have a direct or indirect materially adverse effect on** ~~or~~ **our** ~~unknown to us~~ **business, financial condition and results of operations** . ~~These differences~~ **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 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 ~~greater recruitment~~ **industry- wide regulations, which can cause commission rates to decrease. Any decrease in commission rates may adversely impact our business, financial condition,** and ~~transaction costs~~ **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 ~~those~~ **insufficient supply, which could negatively impact home sale transaction growth. Home inventory levels have been declining in certain** markets ~~being less profitable~~ **and price points in recent years, which has caused more homeowners to retain their homes** for ~~us than~~ **longer periods of time, driving a negative impact on** ~~those~~ -- **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** ~~we currently operate in, and may slow the rate of our~~ - **or** ~~revenue growth~~ **corporate use** . **The** ~~Additionally, to support our continuous rapid growth, we must continue~~ **continuing decline** ~~to improve our management resources and our operational and financial controls and systems, which may increase our expenses more than anticipated and result~~ in **home inventory levels** ~~a more complex business. We may also make decisions, such as more conservatively managing our expense structure, that~~ could have a ~~negative~~ **material adverse** effect on our **business and** ~~near- term growth rates, if we believe those decisions will improve our operating results or~~ profitability ~~in the near- or long- term. These decisions may not be consistent with the expectations of investors and may not produce the benefits that we expect, in which case our business could be materially and adversely affected. Accordingly, our continuous success will depend on our ability to plan for and manage our rapid growth effectively. If we fail to do so, we may be unable to execute our business plan, which could have an adverse impact on our business and results of operations~~ . 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. ~~We use cash to satisfy 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. Additionally, if we 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 tax withholding obligations, which would result in dilution to our stockholders. We grant 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. Under U. S. federal, state and local tax regulations, tax withholding obligations for RSUs arise in connection with their settlement. 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 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 tax withholding obligations for our employees, under which shares of our Class A common stock with a market value equivalent to the tax withholding amounts would be automatically sold by the employees holding RSUs upon settlement to satisfy their 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 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 model described above. Additionally, we also grant RSUs to our independent directors and our agents, but because they are either independent non- employee directors or independent contractors, we do not have tax withholding obligations with respect to the settlement of their vested RSUs. Accordingly, we did not, and will not in the future, use any of our cash to pay their tax withholding obligations. However, issuance of shares of Class A common stock at settlement has resulted, and will result in the future, in~~

~~dilution to our stockholders. COVID- 19 has affected our business and may continue to affect our business. Our success depends on a high volume of residential real estate transactions throughout the markets in which we operate. This transaction volume affects all the ways we generate revenue, including generation of commissions from transactions executed by our agents, the number of transactions our title and escrow business closes, and the number of mortgages OriginPoint originates. The ongoing COVID- 19 pandemic has had, and may continue to have, an adverse impact on the volume of residential real estate transactions, which has affected, and may continue to affect, our business and financial results. The extent of the future impact of the ongoing COVID- 19 pandemic on our business and financial results will depend largely on future developments, including the emergence of new variants of the COVID- 19 virus, the severity and transmission rates of new variants, the duration and extent of the spread of the virus the timing, availability and effectiveness of vaccines and vaccination rates, the prevalence of local, regional and national restrictions and regulatory orders in response to the ongoing COVID- 19 pandemic, and the extent and effectiveness of containment actions taken, all of which are highly uncertain and difficult to predict. In addition, a number of macroeconomic factors relating to the ongoing COVID- 19 pandemic have had, and could continue to have, an adverse impact on consumer spending and may result in changes to home purchasing, selling, renting and financing trends, including: increased unemployment rates and stagnant or declining wages; loss of consumer confidence in the economy and recessionary conditions; lower yields on individuals' investment portfolios; volatility and declines in the stock market; lower rental prices; reduced demand to purchase homes; more stringent mortgage financing conditions; volatility in the mortgage interest rates; and inflation rate and pressures. In addition, COVID- 19' s impact on our residential real estate transaction volume depends largely on the existence and prevalence of limitations on in- person activities related to the sale of residential real estate, such as prohibitions or restrictions on in- home showings, inspections and appraisals, and availability or hours of local real property documentation searches and new recordings. 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 adjacent services for agents 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, results of operations and financial condition will be harmed.~~ 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. **If we fail to continuously innovate, improve** ~~Monetary policies of the federal government and its agencies may have an~~ **and** ~~adverse impact on~~ **expand our platform to create value for our agents and our agents' clients,** our business, ~~results of operations, and~~ 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.** ~~The~~ **There** ~~U~~ **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** . ~~S~~ **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 ~~example,in 2021,we acquired Glide,a real estate~~ technology ~~company~~ **companies** ~~,that enabled us to provide digital real estate forms,e- signatures and related products to our agents~~ .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 ~~may negatively impact~~ **could adversely affect** our business,financial condition and results of operations.Our efforts to expand our operations,including our brokerage and ~~adjacent~~ **integrated** services businesses,and to offer additional ~~adjacent~~ **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 ~~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 interest rates. Changes in prevailing interest rates or U. S. monetary policies that affect interest rates may~~ have **since expanded our integrated services offerings to include title** ~~an~~ **and escrow** ~~adverse impact on our business. Accordingly, our business may be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of home sale transactions may decrease as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home, which may have an~~ **and** ~~adverse impact on our~~ mortgage origination **services in certain markets. We think that the synergies between these integrated services and our brokerage** business ~~. In~~ **increase transparency and deliver a more integrated closing process for our agents' clients and thus, provides** ~~addition~~ **additional value to our agents. However** , ~~this decline~~ **currently, our integrated services are available only** in ~~volume~~ **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 ~~increase competition for~~ **adversely affect our business, financial condition and results of operations. Similarly, if our agents do not recommend our integrated services to our agents' clients,** ~~the~~ **then** ~~remaining~~ **our revenue from integrated services will not grow as quickly as we expect. While we** ~~loan~~ - **plan** ~~volume~~ **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 ~~may significantly reduce revenues and profit margins and may require~~ **will depend, in part, on the successful partnership between** us ~~to increase sales~~ and ~~marketing expenditures~~ **Guaranteed Rate and the successful day-** to ~~build out~~ **- day operation of** the business **by OriginPoint** ~~. Similarly, in higher interest rate environments, potential home buyers may choose to rent rather than pay higher mortgage rates. Changes in the Federal Reserve Board~~ ' s ~~policies, interest~~ **management. The services which Guaranteed** ~~rate~~ **Rate** ~~environment~~ **is engaged to provide to OriginPoint may deteriorate** and ~~the mortgage~~ **cause OriginPoint to** ~~market~~ -- **make alternative arrangements. Further** ~~are beyond our control and are difficult to predict and~~ , ~~as~~ **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** . ~~Any~~ **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** ~~decrease~~ **increase . We believe** ~~in our gross commission income or the percentage of commissions~~ that ~~we collect~~ **our ability to compete depends upon** ~~may~~ **many** ~~harm~~ **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 and our agents' clients; our ability to attract top talent to support** our business **model; and our** ~~, results of operations, and~~ **brand** ~~financial condition~~ **strength relative to our competitors** . Our business model depends ~~upon~~ **on our ability to continue to attract agents and** our agents' **clients to our platform** ~~success in generating gross commission income~~ , **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 ~~collect~~ **are not able to continue to attract agents** and ~~from which~~ **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 ~~pay them net commissions. Real estate commission rates vary somewhat by market, and although historical rates~~ have ~~been relatively consistent over time across markets~~ **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** ~~there~~ - **other media, and media coverage of our business** can be **critical, and may** ~~no assurance that prevailing market practice will~~ not ~~change~~ **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 ~~across the industry. Customary commission rates~~ **nationally, our business, financial condition, and results of operations** could ~~change~~ **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 ~~forces locally~~ **conditions,** ~~or~~ **our** ~~industry~~ **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 of 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** - ~~wide and due~~ to ~~regulatory or legal changes~~ **- cover " settlement method** in ~~such~~ **the future, additional shares will be issued and sold in the** ~~markets~~ - **market at settlement to cover payroll tax withholding obligations** , ~~including~~ **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 ~~result~~ **monthly basis, which, depending upon the market value** of ~~litigation~~ **shares of** ~~or~~ **our Class A common stock underlying** ~~enforcement actions. We cannot predict~~ the **RSUs** ~~outcome of any new investigations or enforcement actions~~ , ~~but any such actions~~ may result in **a significant** ~~industry- wide regulations, which can cause~~ -- **use of our cash and** ~~commission rates to decrease. Any decrease in commission rates~~ may **have an** ~~adversely~~ -- **adverse** ~~impact~~ **effect on** our ~~business,~~ financial condition ~~,~~ and ~~results of operations~~ **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 ~~adversely impacted. In addition~~ **automatically sold by the employees holding RSUs upon settlement to satisfy their payroll tax withholding obligations** , ~~we collect fees~~ **and the cash proceeds** from **such sales** ~~our agents for use of our platform, including our technology suite. There can be no assurance that we~~ will be ~~able~~ **remitted by us** to ~~maintain the percentage of commission income or fees we collect from our agents. If industry conditions change, such that other~~ -- **the** ~~platforms offer similar technologies to~~ **relevant tax authorities. Such sales would not result in** ~~ours~~ - **our** ~~at a lower price or~~ **use of additional cash to satisfy the payroll tax withholding obligations** for ~~free~~ **RSUs** , **but would** ~~we may be forced to reduce the percentage of commissions we collect from our agents, and our business, financial condition, and results~~ - **result** ~~of operations may be adversely impacted~~ **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 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 ~~adjacent~~ **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 ~~adjacent~~ **integrated** services ~~. In June 2022~~ , **and** we ~~announced~~ **have experienced** ~~the~~ **these difficulties** ~~wind- down of Modus Technologies, Inc, a wholly- owned title~~ and **expenditures in connection with certain** ~~escrow software company, which was part~~ of **our previous acquisitions** ~~a broader plan to improve the alignment between the Company' s organizational structure and its long- term business strategy, drive cost efficiencies and continue to drive toward profitability and positive free cash flow~~ . 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** ~~multiple listing services~~ 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** ~~multiple listing services~~ 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 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 ~~or claims~~ 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. 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. 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. 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~~ **those** material weaknesses have ~~not yet~~ been ~~fully~~ remediated **as** ~~and the same weaknesses remained at the time~~ of **December 31,** ~~the preparation of our financial statements for 2022~~ **2023** ~~. For additional information~~ , **we may again** ~~see risk factor entitled " We have identified~~ **identify** material weaknesses in our internal control over financial reporting **in the future** ~~and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal controls over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired~~ . ~~"~~ If we identify ~~any~~ 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 ~~. We have identified material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. During the preparation of our consolidated financial statements for 2021 and prior years, we identified material weaknesses in our internal control over financial reporting. Those material weaknesses have not yet been fully remediated and the same weaknesses remained at the time of the preparation of our financial statements for 2022. We did not design or maintain an effective control environment as we lacked sufficient oversight of activities related to our internal control over financial reporting due to a lack of an appropriate level of experience and training commensurate with public company requirements. This material weakness resulted in our identification of the following additional material weaknesses: (1) we did not maintain formal accounting policies and procedures and did not design, document, and maintain controls related to substantially all of our business processes to achieve complete, accurate, and timely financial accounting, reporting, and disclosures, including controls over account reconciliations, segregation of duties, and the preparation and review of journal entries; and (2) we did not design and maintain 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. These IT deficiencies, when aggregated, could impact effective segregation of duties as well as the effectiveness of IT- dependent controls that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, our management has determined these deficiencies in the aggregate constitute a material weakness. None of the control deficiencies described above resulted in a material misstatement to our annual consolidated financial statements. However, each of the material weaknesses described above could result in a misstatement of one or more account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected, and, accordingly, we determined that these control deficiencies constitute material weaknesses. To address our material weaknesses, we added, and intend to continue to add as necessary, personnel with public company experience and engaged an external advisor to assist with evaluating and documenting the design and operating effectiveness of our internal control over financial reporting and assisting with the remediation of deficiencies, including implementing new controls and processes. We intend to further evolve our accounting and business processes related to internal control over financial reporting. We will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time. Furthermore, we cannot guarantee that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our annual or interim financial statements. Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting for the first time in connection with the filing of this Annual Report, and as a result of the material weaknesses described above, our independent registered public accounting firm' s report states that our internal control over financial reporting is not currently effective~~ . 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. 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. Estimates of market opportunity may prove to be inaccurate. Market opportunity estimates are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that our market opportunity estimates will reflect actual revenue that we will generate from our platform in the future. Any expansion in our markets depends on a number of factors, including the cost, performance, and perceived value associated with our platform and the products and services of~~ 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. ~~Our return to office initiative varies across geographies and certain~~ **Certain** employees may not agree with ~~our approach~~ **return to office initiatives** and as a result may seek employment elsewhere ~~. Additionally, our return to office approach could expose our employees to health risks and could result in additional costs to us~~ . 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, 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. ~~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 our rapid growth in recent years, 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 harmed.~~ 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 ~~harm~~ **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** ~~Additionally, 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 . Our fraud detection processes and information...... business, results, and financial condition . 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 of 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, ~~results of operations, and~~ 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 ~~harm~~ **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 ~~harm~~ **adversely affect** our business, ~~results of operations and~~ 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, and successfully execute on those plans in the event of a disaster or emergency, our business **could be adversely affected** and **our** reputation ~~would~~ **could** be harmed ~~. 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~~ . 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. ~~California changed its classification laws effective January 1, 2020 (with a specific carveout for real estate agents). Additionally, federal~~ **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 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 ~~state~~ **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 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, 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. 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 ~~February 22~~ **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 ~~February 22~~ **December 31** , 2023), held 8, ~~749~~ **928** , ~~266~~ **686** shares of Class A common stock and all of the issued and outstanding shares of Class C common stock. ~~Additionally, Mr. Reffkin holds two performance- based RSU awards and one time- based RSU award, which vest monthly. Pursuant to the exchange agreement, Mr. Reffkin has a right to require us to exchange any shares of Class A common stock that he receives upon settlement of his vested RSUs for shares of Class C common stock, which he has elected in connection with the 2022 net settlement and future monthly net settlements.~~ As of ~~February 22~~ **December 31** , 2023, Mr. Reffkin held approximately ~~47~~ **46** . **5** ~~3 % of the voting power of our outstanding capital stock, which may increase over time as his RSU awards vest and settle and resulting shares of Class A common stock get exchanged for shares of Class C common stock. If all such awards had been vested, settled and exchanged for shares of Class C common stock as of February 22, 2023, Mr. Reffkin would have held approximately 64~~ % 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. 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 ~~adjacent~~ **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 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.