

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 24, 2023

COSTAR GROUP, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
1331 L Street, NW, Washington, DC  
(Address of principal executive offices)

0-24531  
(Commission  
File Number)

52-2091509  
(I.R.S. Employer  
Identification No.)

20005  
(Zip Code)

Registrant's telephone number, including area code: (202) 346-6500

Not Applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock (\$0.01 par value)	CSGP	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

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

**Item 2.02 Results of Operations and Financial Condition.**

On October 24, 2023, CoStar Group, Inc. (“CoStar” or the “Company”) announced its financial and operating results for the quarter ended September 30, 2023. The full text of the press release (the “Press Release”) issued in connection with the announcement is furnished herewith as Exhibit 99.1.

The information contained in this Item 2.02 and the Press Release shall be considered “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), nor shall it be deemed incorporated by reference into any reports or filings with the Securities and Exchange Commission (“SEC”), whether made before or after the date hereof, except as expressly set forth by specific reference in such a filing.

**Item 7.01 Regulation FD Disclosure.**

CoStar hereby furnishes the presentation (the “Investor Presentation”) that the Company intends to use from time to time on or after October 24, 2023. CoStar may use the Investor Presentation with investors, analysts, lenders, insurers, vendors, clients, employees and others. The Investor Presentation is furnished herewith as Exhibit 99.2 and also will be made available on the Company’s website at [costargroup.com](http://costargroup.com).

The information contained in the Investor Presentation is summary information that should be considered in the context of the Company’s filings with the SEC and other public announcements that the Company may make, by press release or otherwise, from time to time. The Investor Presentation is current as of October 24, 2023. To the extent that estimates, targets or other forward-looking statements are included in the Investor Presentation, the Company specifically disclaims any duty or obligation to publicly update or revise such information.

The information contained in this Item 7.01 and the Investor Presentation shall be considered “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act, nor shall it be deemed incorporated by reference into any reports or filings with the SEC, whether made before or after the date hereof, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">CoStar Group, Inc. Press Release Dated October 24, 2023.</a>
99.2	<a href="#">CoStar Group, Inc. Investor Presentation Dated October 24, 2023.</a>
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COSTAR GROUP, INC.

Date: October 24, 2023

By: /s/ Scott T. Wheeler

Name: Scott T. Wheeler

Title: Chief Financial Officer



**CoStar Group Third Quarter 2023 Revenue  
Increased 12% Year-over-Year Marking 50 Straight Quarters of  
Double-Digit Revenue Growth**

WASHINGTON – October 24, 2023 - CoStar Group, Inc. (NASDAQ: CSGP), a leading provider of online real estate marketplaces, information and analytics in the property markets, announced today that revenue for the quarter ended September 30, 2023 was \$625 million, up 12% over revenue of \$557 million for the quarter ended September 30, 2022. Net income was \$91 million in the third quarter, an increase of 25% over the prior year.

“CoStar Group delivered strong results this quarter on our two principal fronts,” said Andy Florance, Founder and CEO of CoStar Group. “First, our commercial information and marketplace businesses are fortress strong in a turbulent market with revenue growing 14% year-over-year and margins approaching 40%. As we move into the fourth quarter, our adjusted EBITDA, for our commercial information and marketplace businesses, is approaching \$1,000,000,000 annualized. We continue to generate strong net new bookings with \$65 million of net new bookings in the third quarter. On the second front, we are investing aggressively, but prudently, in Homes.com with the goal of unlocking the enormous potential of becoming the leading, successful U.S. residential real estate portal. In September we celebrated a major milestone on that road to success with 100 million unique visitors to Homes.com.”

“Unique visitors to Homes.com in September grew 1,290% year over year, significantly outperforming our competitors’ traffic, the largest of which were relatively flat or declining. We believe that the competitive balance in the industry is shifting in our favor,” continued Florance. “Our key competitors’ sites combine rentals and resale homes, so when we likewise combine our Homes.com and Apartments networks we had 140 million unique visitors in September, according to Google Analytics. In the past year we have quickly grown to become the second most heavily trafficked residential network by a wide margin, with monthly unique visitors 35% higher than Realtor.com and 90% higher than Redfin in September, according to ComScore. We continue to build out the full potential of Homes.com and are focused on continuing to grow traffic and beginning monetization in second quarter of 2024.”

“Last week, we announced our offer to acquire OnTheMarket, one of the top three residential property portals in the United Kingdom. Having operated successfully in the United Kingdom for two decades, we believe that we can grow competitive traffic share in the U.K. just as we have done so many times before in the U.S. and that our significant software investments into Homes.com will give us technology scale advantage in the U.K.”



**Year 2022-2023 Quarterly Results - Unaudited**  
(in millions, except per share data)

	2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues	\$ 516	\$ 536	\$ 557	\$ 573	\$ 584	\$ 606	\$ 625
Net income	89	83	72	124	87	101	91
Net income per share - diluted	0.23	0.21	0.18	0.31	0.21	0.25	0.22
Weighted average outstanding shares - diluted	394	394	396	406	406	407	407
EBITDA	158	140	129	155	98	105	89
Adjusted EBITDA	178	159	153	182	123	127	112
Non-GAAP net income	123	112	118	153	118	127	120
Non-GAAP net income per share - diluted	0.31	0.28	0.30	0.38	0.29	0.31	0.30

**2023 Outlook**

The Company expects revenue in the range of \$2.445 billion to \$2.450 billion for the full year of 2023, representing year-over-year growth of approximately 12% at the midpoint of the range. The Company expects revenue for the fourth quarter of 2023 in the range of \$630 million to \$635 million, representing revenue growth of approximately 10% year-over-year at the midpoint of the range.

“Against one of the worst property markets in decades, we continue to demonstrate that our commercial information and marketplace businesses can deliver strong, double-digit revenue growth regardless of market cycles,” said Scott Wheeler, CFO of CoStar Group. “Our commercial information and marketplace business is expected to deliver 12% year-over-year revenue growth in the fourth quarter of 2023, and 14% revenue growth for the full year of 2023. Our Homes.com strategy is proving to be very successful and has moved us into second place in the U.S. We are wisely accelerating our investment in our residential marketplace in the second half of 2023. We now expect adjusted EBITDA for the full year of 2023 in the range of \$485 million to \$490 million. For the fourth quarter of 2023, we expect adjusted EBITDA in the range of \$123 million to \$128 million.”

The Company expects full year 2023 non-GAAP net income per diluted share in a range of \$1.21 to \$1.22 based on 407 million shares. For the fourth quarter of 2023, the Company expects non-GAAP net income per diluted share in a range of \$0.31 to \$0.32 based on 407 million shares. These ranges include an estimated non-GAAP tax rate of 26% for the full year and the fourth quarter of 2023.

The preceding forward-looking statements reflect CoStar Group’s expectations as of October 24, 2023, including forward-looking non-GAAP financial measures on a consolidated basis, based on current estimates, expectations, observations, and trends. Given the risk factors, rapidly evolving economic environment, and uncertainties and assumptions discussed in this release and in our quarterly reports on Form 10-Q and annual reports on Form 10-K, actual results may differ materially. Other than in publicly available statements, the Company does not intend to update its forward-looking statements until its next quarterly results announcement.

Reconciliations of EBITDA, adjusted EBITDA, non-GAAP net income and non-GAAP net income per diluted share to the most directly comparable GAAP measures are shown in detail below, along with definitions for those terms. A reconciliation of forward-looking non-GAAP guidance to the most directly comparable GAAP measure, net income, can be found within the tables included in this release.

**Non-GAAP Financial Measures**

For information regarding the purpose for which management uses the non-GAAP financial measures disclosed in this release and why management believes they provide useful information to investors regarding the Company’s financial condition and results of operations, please refer to the Company’s latest periodic report.

EBITDA is a non-GAAP financial measure that represents GAAP net income attributable to CoStar Group before interest income or expense, net and other income or expense, net; loss on debt extinguishment; income taxes; depreciation and amortization.

Adjusted EBITDA is a non-GAAP financial measure that represents EBITDA before stock-based compensation expense, acquisition- and integration-related costs, restructuring costs, and settlements and impairments incurred outside the Company’s ordinary course of business. Adjusted EBITDA margin represents adjusted EBITDA divided by revenues for the period.

Non-GAAP net income is a non-GAAP financial measure determined by adjusting GAAP net income attributable to CoStar Group for stock-based compensation expense, acquisition- and integration-related costs, restructuring costs, settlement and impairment costs incurred outside the Company's ordinary course of business and loss on debt extinguishment, as well as amortization of acquired intangible assets and other related costs, and then subtracting an assumed provision for income taxes. In 2023, the Company is assuming a 26% tax rate in order to approximate its statutory corporate tax rate excluding the impact of discrete items.

Non-GAAP net income per diluted share is a non-GAAP financial measure that represents non-GAAP net income divided by the number of diluted shares outstanding for the period used in the calculation of GAAP net income per diluted share. For periods with GAAP net losses and non-GAAP net income, the weighted average outstanding shares used to calculate non-GAAP net income per share includes potentially dilutive securities that were excluded from the calculation of GAAP net income per share as the effect was anti-dilutive.

#### **Operating Metrics**

Net new bookings is calculated based on the annualized amount of change in the Company's sales bookings resulting from new subscription-based contracts, changes to existing subscription-based contracts and cancellations of subscription-based contracts for the period reported. Information regarding net new bookings is not comparable to, nor should it be substituted for, an analysis of the Company's revenues over time.

#### **Earnings Conference Call**

Management will conduct a conference call to discuss the third quarter 2023 results and the Company's outlook at 5:00 PM ET on Tuesday, October 24, 2023. A live audio webcast of the conference will be available in listen-only mode through the Investors section of the CoStar Group website: <https://investors.costargroup.com>. A replay of the webcast audio will also be available in the Investors section of our website for a period of time following the call.

CoStar Group, Inc.

Condensed Consolidated Statements of Operations - Unaudited

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$624,669	\$556,921	\$1,814,941	\$1,609,054
Cost of revenues	123,666	108,364	355,224	304,814
Gross profit	501,003	448,557	1,459,717	1,304,240
Operating expenses:				
Selling and marketing (excluding customer base amortization)	266,893	185,395	743,153	510,736
Software development	67,891	56,912	197,850	162,520
General and administrative	94,371	91,270	274,442	246,576
Customer base amortization	10,254	29,651	31,311	60,621
	439,409	363,228	1,246,756	980,453
Income from operations	61,594	85,329	212,961	323,787
Interest income (expense), net	58,422	10,656	153,881	(461)
Other income, net	465	1,389	1,655	3,596
Income before income taxes	120,481	97,374	368,497	326,922
Income tax expense	29,907	25,084	90,272	81,841
Net income	\$ 90,574	\$ 72,290	\$ 278,225	\$ 245,081
Net income per share - basic	\$ 0.22	\$ 0.18	\$ 0.69	\$ 0.62
Net income per share - diluted	\$ 0.22	\$ 0.18	\$ 0.68	\$ 0.62
Weighted-average outstanding shares - basic	405,649	394,712	405,190	393,650
Weighted-average outstanding shares - diluted	407,229	396,209	406,713	394,973

## Reconciliation of Non-GAAP Financial Measures - Unaudited

(in thousands, except per share data)

## Reconciliation of Net Income to Non-GAAP Net Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 90,574	\$ 72,290	\$ 278,225	\$ 245,081
Income tax expense	29,907	25,084	90,272	81,841
Income before income taxes	120,481	97,374	368,497	326,922
Amortization of acquired intangible assets	18,707	36,596	54,364	82,601
Stock-based compensation expense	21,899	18,138	63,770	54,097
Acquisition and integration related costs	796	1,095	2,272	3,238
Restructuring and related costs	509	191	3,880	191
Settlements and impairments	—	4,100	(107)	4,100
Other expense, net	—	2,063	—	6,162
Non-GAAP income before income taxes	162,392	159,557	492,676	477,311
Assumed rate for income tax expense <sup>(1)</sup>	26%	26%	26%	26%
Assumed provision for income tax expense	(42,222)	(41,485)	(128,096)	(124,101)
Non-GAAP net income	<u>\$120,170</u>	<u>\$118,072</u>	<u>\$ 364,580</u>	<u>\$ 353,210</u>
Net income per share - diluted	\$ 0.22	\$ 0.18	\$ 0.68	\$ 0.62
Non-GAAP net income per share - diluted	<u>\$ 0.30</u>	<u>\$ 0.30</u>	<u>\$ 0.90</u>	<u>\$ 0.89</u>
Weighted average outstanding shares - basic	405,649	394,712	405,190	393,650
Weighted average outstanding shares - diluted	407,229	396,209	406,713	394,973

<sup>(1)</sup> The assumed tax rate approximates our statutory federal and state corporate tax rate for the applicable period.

## Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 90,574	\$ 72,290	\$ 278,225	\$ 245,081
Amortization of acquired intangible assets in cost of revenues	8,453	6,945	23,053	21,980
Amortization of acquired intangible assets in operating expenses	10,254	29,651	31,311	60,621
Depreciation and other amortization	8,418	7,224	24,451	21,199
Interest (income) expense, net	(58,422)	(10,656)	(153,881)	461
Other income, net	(465)	(1,389)	(1,655)	(3,596)
Income tax expense	29,907	25,084	90,272	81,841
EBITDA	<u>\$ 88,719</u>	<u>\$129,149</u>	<u>\$ 291,776</u>	<u>\$427,587</u>
Stock-based compensation expense	21,899	18,138	63,770	54,097
Acquisition and integration related costs	796	1,095	2,272	3,238
Restructuring and related costs	509	191	3,880	191
Settlements and impairments	—	4,100	(107)	4,100
Adjusted EBITDA	<u>\$111,923</u>	<u>\$152,673</u>	<u>\$ 361,591</u>	<u>\$489,213</u>

**CoStar Group, Inc.**  
**Condensed Consolidated Balance Sheets - Unaudited**  
(in thousands)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,229,880	\$ 4,967,970
Accounts receivable	213,742	166,140
Less: Allowance for credit losses	(20,911)	(12,195)
Accounts receivable, net	192,831	153,945
Prepaid expenses and other current assets	76,013	63,952
Total current assets	5,498,724	5,185,867
Deferred income taxes, net	9,722	9,722
Property and equipment, net	403,195	321,250
Lease right-of-use assets	85,758	80,392
Goodwill	2,315,313	2,314,759
Intangible assets, net	275,095	329,306
Deferred commission costs, net	165,846	142,482
Deposits and other assets	15,997	16,687
Income tax receivable	2,005	2,005
Total assets	<u>\$ 8,771,655</u>	<u>\$ 8,402,470</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 25,866	\$ 28,460
Accrued wages and commissions	91,357	104,988
Accrued expenses	156,009	89,113
Income taxes payable	2,061	10,438
Lease liabilities	40,187	36,049
Deferred revenue	97,583	103,567
Total current liabilities	413,063	372,615
Long-term debt, net	990,185	989,210
Deferred income taxes, net	63,203	76,202
Income taxes payable	17,542	14,001
Lease and other long-term liabilities	77,500	80,321
Total liabilities	<u>\$ 1,561,493</u>	<u>\$ 1,532,349</u>
Total stockholders' equity	7,210,162	6,870,121
Total liabilities and stockholders' equity	<u>\$ 8,771,655</u>	<u>\$ 8,402,470</u>

**CoStar Group, Inc.**  
**Condensed Consolidated Statements of Cash Flows - Unaudited**  
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net income	\$ 278,225	\$ 245,081
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,815	109,983
Amortization of deferred commissions costs	69,811	55,373
Amortization of Senior Notes discount and issuance costs	1,799	1,771
Non-cash lease expense	22,092	23,108
Stock-based compensation expense	63,770	54,097
Deferred income taxes, net	(12,949)	(21,676)
Credit loss expense	25,664	13,468
Other operating activities, net	324	(1,774)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(64,595)	(36,177)
Prepaid expenses and other current assets	(20,745)	(17,235)
Deferred commissions	(93,147)	(83,875)
Accounts payable and other liabilities	21,067	2,131
Lease liabilities	(26,807)	(27,615)
Income taxes payable, net	4,444	(29,051)
Deferred revenue	(6,045)	4,488
Other assets	(738)	1,492
Net cash provided by operating activities	340,985	293,589
Investing activities:		
Proceeds from sale of property and equipment and other assets	—	5,034
Purchase of Richmond assets	(61,811)	(31,530)
Purchases of property and equipment and other assets	(14,141)	(43,659)
Cash paid for acquisitions, net of cash acquired	—	(6,331)
Net cash used in investing activities	(75,952)	(76,486)
Financing activities:		
Repayments of long-term debt assumed in acquisition	—	(2,155)
Repurchase of restricted stock to satisfy tax withholding obligations	(23,409)	(20,259)
Proceeds from equity offering, net of transaction costs	—	746,170
Proceeds from exercise of stock options and employee stock purchase plan	20,435	10,777
Net cash (used in) provided by financing activities	(2,974)	734,533
Effect of foreign currency exchange rates on cash and cash equivalents	(149)	(4,297)
Net increase in cash and cash equivalents	261,910	947,339
Cash and cash equivalents at the beginning of period	4,967,970	3,827,126
Cash and cash equivalents at the end of period	<u>\$5,229,880</u>	<u>\$4,774,465</u>

**CoStar Group, Inc.**  
**Disaggregated Revenues - Unaudited**  
(in thousands)

	Three Months Ended September 30,					
	2023			2022		
	North America	International	Total	North America	International	Total
CoStar	\$ 223,348	\$ 10,012	\$233,360	\$ 203,657	\$ 9,033	\$212,690
Information Services	35,163	9,473	44,636	32,524	8,489	41,013
Multifamily	235,343	—	235,343	189,536	—	189,536
LoopNet	65,041	2,440	67,481	57,126	1,775	58,901
Residential	10,293	—	10,293	19,351	—	19,351
Other Marketplaces	33,556	—	33,556	35,430	—	35,430
Total revenues	<u>\$ 602,744</u>	<u>\$ 21,925</u>	<u>\$624,669</u>	<u>\$ 537,624</u>	<u>\$ 19,297</u>	<u>\$556,921</u>

	Nine Months Ended September 30,					
	2023			2022		
	North America	International	Total	North America	International	Total
CoStar	\$ 658,734	\$ 28,808	\$ 687,542	\$ 590,141	\$ 27,764	\$ 617,905
Information Services	99,476	28,710	128,186	93,306	23,424	116,730
Multifamily	670,331	—	670,331	547,372	—	547,372
LoopNet	189,488	6,793	196,281	164,417	5,228	169,645
Residential	36,154	—	36,154	57,565	—	57,565
Other Marketplaces	96,447	—	96,447	99,837	—	99,837
Total revenues	<u>\$ 1,750,630</u>	<u>\$ 64,311</u>	<u>\$1,814,941</u>	<u>\$ 1,552,638</u>	<u>\$ 56,416</u>	<u>\$1,609,054</u>

**CoStar Group, Inc.**  
**Results of Segments - Unaudited**  
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
EBITDA				
North America	\$88,910	\$127,965	\$290,180	\$422,454
International	(191)	1,184	1,596	5,133
Total EBITDA	<u>\$88,719</u>	<u>\$129,149</u>	<u>\$291,776</u>	<u>\$427,587</u>

## Reconciliation of Non-GAAP Financial Measures with Quarterly Results - Unaudited

(in millions, except per share data)

## Reconciliation of Net Income to Non-GAAP Net Income

	2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income	\$ 89.3	\$ 83.5	\$ 72.3	\$ 124.4	\$ 87.1	\$ 100.5	\$ 90.6
Income tax expense	32.1	24.7	25.1	35.2	29.2	31.1	29.9
Income before income taxes	121.4	108.1	97.4	159.5	116.4	131.7	120.5
Amortization of acquired intangible assets	23.2	22.8	36.6	20.0	17.7	18.0	18.7
Stock-based compensation expense	17.8	18.1	18.1	21.1	20.0	21.8	21.9
Acquisition and integration related costs	1.6	0.5	1.1	2.2	1.7	(0.2)	0.8
Restructuring and related costs	—	—	0.2	2.0	3.4	(0.1)	0.5
Settlements and impairments	—	—	4.1	2.0	(0.1)	—	—
Other expense, net	2.0	2.1	2.1	—	—	—	—
Non-GAAP income before income taxes <sup>(1)</sup>	166.1	151.6	159.6	206.7	159.1	171.2	162.4
Assumed rate for income tax expense <sup>(2)</sup>	26%	26%	26%	26%	26%	26%	26%
Assumed provision for income tax expense	(43.2)	(39.4)	(41.5)	(53.8)	(41.4)	(44.5)	(42.2)
Non-GAAP net income <sup>(1)</sup>	<u>\$122.9</u>	<u>\$112.2</u>	<u>\$118.1</u>	<u>\$153.0</u>	<u>\$117.7</u>	<u>\$126.7</u>	<u>\$120.2</u>
Non-GAAP net income per share - diluted	<u>\$ 0.31</u>	<u>\$ 0.28</u>	<u>\$ 0.30</u>	<u>\$ 0.38</u>	<u>\$ 0.29</u>	<u>\$ 0.31</u>	<u>\$ 0.30</u>
Weighted average outstanding shares - basic	392.9	393.3	394.7	404.2	404.5	405.4	405.6
Weighted average outstanding shares - diluted	394.2	394.5	396.2	406.1	406.2	406.8	407.2

<sup>(1)</sup> Totals may not foot due to rounding.<sup>(2)</sup> The assumed tax rate approximates our statutory federal and state corporate tax rate for the applicable period.

## Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income	\$ 89.3	\$ 83.5	\$ 72.3	\$ 124.4	\$ 87.1	\$ 100.5	\$ 90.6
Amortization of acquired intangible assets	23.2	22.8	36.6	20.0	17.7	18.0	18.7
Depreciation and other amortization	7.0	7.0	7.2	7.9	7.9	8.1	8.4
Interest expense (income), net	7.7	3.4	(10.7)	(32.6)	(43.5)	(51.9)	(58.4)
Other (income) expense, net	(0.9)	(1.3)	(1.4)	0.2	(0.6)	(0.6)	(0.5)
Income tax expense	32.1	24.7	25.1	35.2	29.2	31.1	29.9
EBITDA <sup>(1)</sup>	<u>\$158.4</u>	<u>\$140.0</u>	<u>\$129.1</u>	<u>\$155.1</u>	<u>\$ 97.8</u>	<u>\$105.2</u>	<u>\$ 88.7</u>
Stock-based compensation expense	17.8	18.1	18.1	21.1	20.0	21.8	21.9
Acquisition and integration related costs	1.6	0.5	1.1	2.2	1.7	(0.2)	0.8
Restructuring and related costs	—	—	0.2	2.0	3.4	(0.1)	0.5
Settlements and impairments	—	—	4.1	2.0	(0.1)	—	—
Adjusted EBITDA <sup>(1)</sup>	<u>\$177.9</u>	<u>\$158.6</u>	<u>\$152.7</u>	<u>\$182.3</u>	<u>\$122.9</u>	<u>\$126.8</u>	<u>\$111.9</u>

<sup>(1)</sup> Totals may not foot due to rounding.



## Reconciliation of Forward-Looking Guidance - Unaudited

(in thousands, except per share data)

## Reconciliation of Forward-Looking Guidance, Net Income to Non-GAAP Net Income

	Guidance Range For the Three Months Ending December 31, 2023		Guidance Range For the Year Ending December 31, 2023	
	Low	High	Low	High
Net income	\$ 97,000	\$ 101,000	\$ 376,000	\$ 380,000
Income tax expense	33,000	34,000	123,000	124,000
Income before income taxes	130,000	135,000	499,000	504,000
Amortization of acquired intangible assets	18,000	18,000	73,000	73,000
Stock-based compensation expense	22,000	22,000	86,000	86,000
Acquisition and integration related costs	1,000	1,000	3,000	3,000
Restructuring and related costs	—	—	4,000	4,000
Non-GAAP income before income taxes	171,000	176,000	665,000	670,000
Assumed rate for income tax expense <sup>(1)</sup>	26%	26%	26%	26%
Assumed provision for income tax expense	(44,500)	(45,800)	(172,900)	(174,200)
Non-GAAP net income	<u>\$ 126,500</u>	<u>\$ 130,200</u>	<u>\$ 492,100</u>	<u>\$ 495,800</u>
Net income per share - diluted	\$ 0.24	\$ 0.25	\$ 0.92	\$ 0.93
Non-GAAP net income per share - diluted	<u>\$ 0.31</u>	<u>\$ 0.32</u>	<u>\$ 1.21</u>	<u>\$ 1.22</u>
Weighted average outstanding shares - diluted	407,400	407,400	406,800	406,800

<sup>(1)</sup> The assumed tax rate approximates our statutory federal and state corporate tax rate for the applicable period.

## Reconciliation of Forward-Looking Guidance, Net Income to Adjusted EBITDA

	Guidance Range For the Three Months Ending December 31, 2023		Guidance Range For the Year Ending December 31, 2023	
	Low	High	Low	High
Net income	\$ 97,000	\$ 101,000	\$ 376,000	\$ 380,000
Amortization of acquired intangible assets	18,000	18,000	73,000	73,000
Depreciation and other amortization	10,000	10,000	34,000	34,000
Interest income, net	(58,000)	(58,000)	(212,000)	(212,000)
Other income, net	—	—	(2,000)	(2,000)
Income tax expense	33,000	34,000	123,000	124,000
Stock-based compensation expense	22,000	22,000	86,000	86,000
Acquisition and integration related costs	1,000	1,000	3,000	3,000
Restructuring and related costs	—	—	4,000	4,000
Adjusted EBITDA	<u>\$ 123,000</u>	<u>\$ 128,000</u>	<u>\$ 485,000</u>	<u>\$ 490,000</u>

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**About CoStar Group**

CoStar Group (NASDAQ: CSGP) is a leading provider of online real estate marketplaces, information, and analytics in the property markets. Founded in 1987, CoStar Group conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of real estate information. CoStar is the global leader in commercial real estate information, analytics, and news, enabling clients to analyze, interpret and gain unmatched insight on property values, market conditions and availabilities. Apartments.com is the leading online marketplace for renters seeking great apartment homes, providing property managers and owners a proven platform for marketing their properties. LoopNet is the most heavily trafficked online commercial real estate marketplace with over twelve million monthly global unique visitors. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. Ten-X offers a leading platform for conducting commercial real estate online auctions and negotiated bids. Homes.com is the fastest growing online residential marketplace that connects agents, buyers, and sellers. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. Business Immo is France's leading commercial real estate news service. Thomas Daily is Germany's largest online data pool in the real estate industry. Belbex is the premier source of commercial space available to let and for sale in Spain. CoStar Group's websites attract over 100 million unique monthly visitors. Headquartered in Washington, DC, CoStar Group maintains offices throughout the U.S., Europe, Canada, and Asia. From time to time, we plan to utilize our corporate website, CoStarGroup.com, as a channel of distribution for material company information. For more information, visit CoStarGroup.com.

This news release and the Company's earnings conference call contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about CoStar Group's plans, objectives, expectations, beliefs and intentions and other statements including words such as "hope," "anticipate," "may," "believe," "expect," "intend," "will," "should," "plan," "estimate," "predict," "continue" and "potential" or the negative of these terms or other comparable terminology. Such statements are based upon the current beliefs and expectations of management of CoStar Group and are subject to many risks and uncertainties. Actual results may differ materially from the results anticipated in the forward-looking statements and the assumptions and estimates used as a basis for the forward-looking statements. The following factors, among others, could cause or contribute to such differences: the risk that the trends stated or implied by this release or in the earnings conference call cannot or will not be sustained at the current pace or may increase or decrease, including trends and expectations related to revenue, revenue growth, net income, non-GAAP net income, EBITDA, adjusted EBITDA, adjusted EBITDA margin, sales, net new bookings, site traffic and visitors, leads, and renewal rates; the risk that the Company is unable to sustain current Company-wide, CoStar, Apartments or LoopNet net new bookings; the risk that revenues for the fourth quarter and full year 2023 will not be as stated in this press release; the risk that net income for the fourth quarter and full year 2023 will not be as stated in this press release; the risk that EBITDA for the fourth quarter and full year 2023 will not be as stated in this press release; the risk that adjusted EBITDA for the fourth quarter and full year 2023 will not be as stated in this press release; the risk that non-GAAP net income and non-GAAP net income per diluted share for the fourth quarter and full year 2023 will not be as stated in this press release; the risk that we may not successfully integrate acquired businesses or assets and may not achieve anticipated benefits of an acquisition, including expected synergies; the risk that the tax rate estimates stated in this press release may change and the risk that we may experience declines in our revenues, revenue growth rates and profitability due to the impact of economic conditions on the real estate industry and our core customer base. More information about potential factors that could cause results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those stated in CoStar Group's filings from time to time with the Securities and Exchange Commission (the "SEC"), including in CoStar Group's Annual Report on Form 10-K for the year ended December 31, 2022 and Quarterly Report on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2023, each of which is filed with the SEC, including in the "Risk Factors" section of those filings, as well as CoStar Group's other filings with the SEC (including Current Reports on Form 8-K) available at the SEC's website ([www.sec.gov](http://www.sec.gov)). All forward-looking statements are based on information available to CoStar Group on the date hereof, and CoStar Group assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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Third Quarter 2023  
Investor Presentation



# Legal Disclaimer

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Certain information in this presentation includes "forward-looking statements" within the meaning of federal securities laws, including financial projections of CoStar Group, Inc. ("CoStar Group" or the "Company"), addressable markets, statements about management's plans, growth strategy, goals and objectives for future operations and similar statements regarding expected future events. These statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially.

Factors that could cause or contribute to such differences include: general economic conditions; the risk that our projections about revenue, EBITDA, Adjusted EBITDA, net income per share, Non-GAAP net income, Non-GAAP net income per share, site traffic or the number of users on our sites are not as expected; product development and releases; planned sales and marketing activities and investments; the anticipated benefits of completed or proposed acquisitions; trends in customer behavior; effective tax rates; the anticipated benefits of cross-selling efforts; planned service enhancements; legal and regulatory issues; changes in accounting policies or practices and current economic conditions, including the potential impacts of the COVID-19 pandemic, on the commercial real estate industry and our customer base.

More information about potential risks that could cause actual results to differ from those contemplated by the forward-looking statements is included in our filings with the Securities Exchange Commission (the "SEC"), including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. All forward-looking statements are based on information available to us on the date of this presentation, and we assume no obligation to publicly update such statements whether as a result of new information, future events or otherwise.

This presentation includes certain non-GAAP financial measures, including Organic Revenues, Acquired Revenues, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP Net Income and Non-GAAP Net Income per Share, which are used by our management and board of directors to measure operating performance and trends and to prepare our annual budget. You should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Reconciliation tables and other important information about the Company's financial results and operating metrics used herein are included in the Appendix to this presentation. This presentation also contains estimates and statistical data made by independent parties and by CoStar Group related to market size, the housing rental market, agent users, site traffic, growth and other data about CoStar Group's industry and performance. These data involve a number of assumptions and limitations, which may significantly impact their accuracy, and you are cautioned not to give undue weight to such estimates. Projections, assumptions and estimates of future performance are necessarily subject to a high degree of uncertainty and risk.

This presentation is not an offer or a solicitation of an offer to purchase any securities.



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## Third Quarter 2023 Highlights

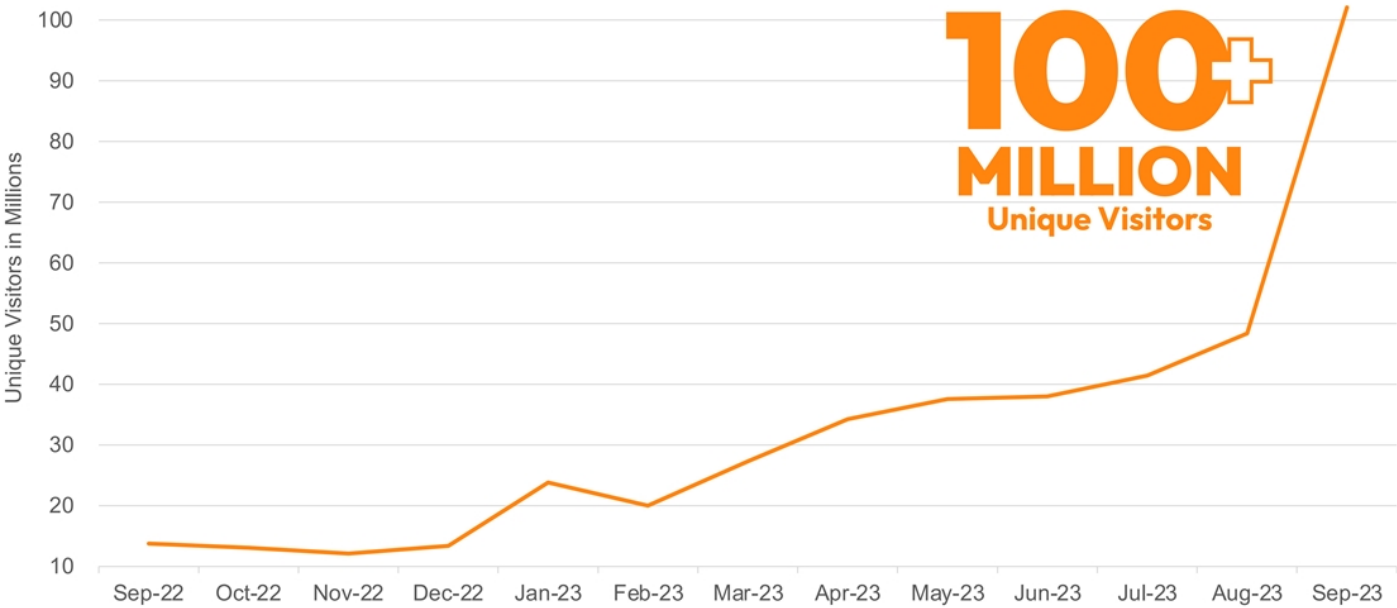


## Third Quarter 2023 Highlights

- Third quarter 2023 revenue increased **12%** year-over-year. Commercial information and marketplace businesses grew **14%** year-over-year.
- 50 consecutive quarters of double-digit revenue growth.
- Homes.com traffic reached **100 million** unique visitors in September, up 1,290% from September 2022 to become the second most trafficked residential site in the U.S.
- Residential network traffic was **141 million** unique visitors, more than Realtor and Redfin combined.
- Apartments.com revenue growth accelerated to **24%** year-over-year.
- Strong net new bookings of **\$65 million** in the third quarter.
- Offer to acquire OnTheMarket – the third most visited residential property portal in the United Kingdom.

Source: In September 2023, Homes.com surpassed 100 million monthly unique visitors, according to Google Analytics, exceeding Realtor.com's 74 million monthly average unique visitors for its fiscal fourth quarter as reported in its earnings release on August 10, 2023, and Redfin's 52 million monthly average unique visitors for the quarter ended June 30, 2023 as reported in its Form 10-Q filed August 3, 2023

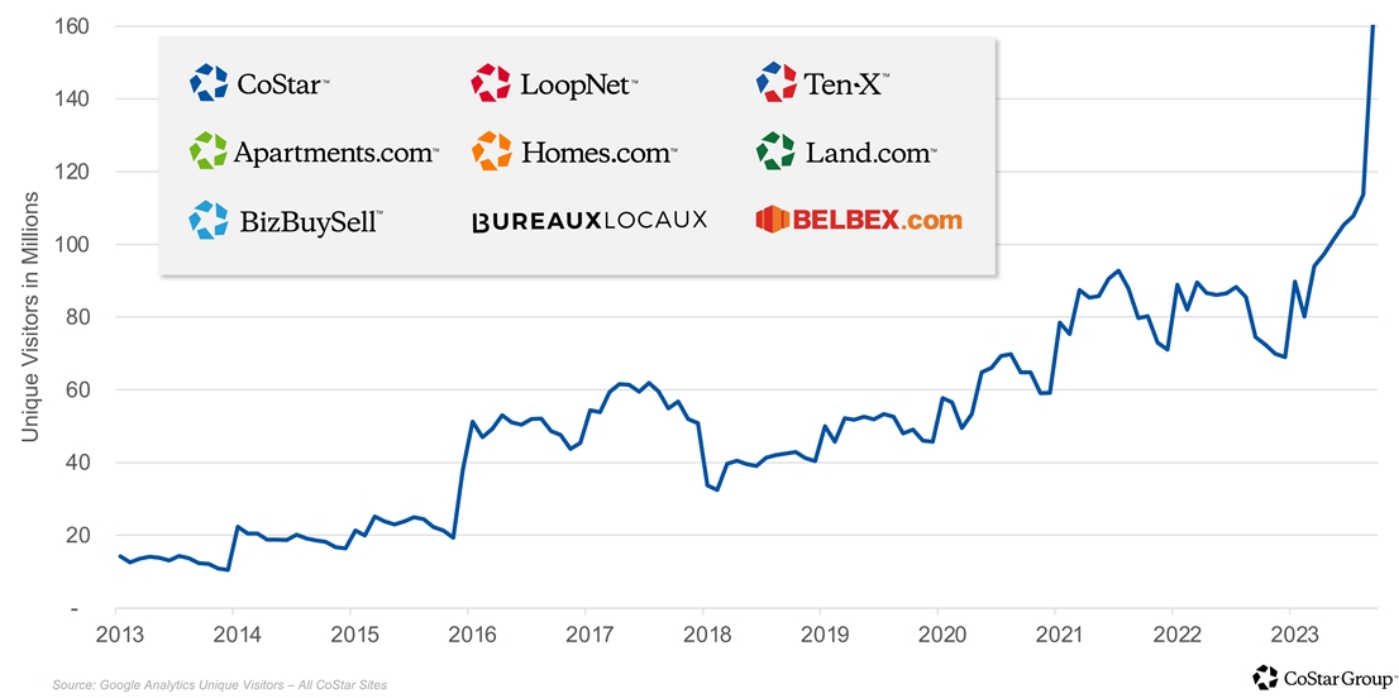
# Homes.com Skyrockets Past 100M Unique Visitors in September Now #2 Most Trafficked U.S. Residential Site



Source: In September 2023, Homes.com surpassed 100 million monthly unique visitors, according to Google Analytics, exceeding Realtor.com's 74 million monthly average unique visitors for its fiscal fourth quarter as reported in its earnings release on August 10, 2023, and Redfin's 52 million monthly average unique visitors for the quarter ended June 30, 2023 as reported in its Form 10-Q filed August 3, 2023

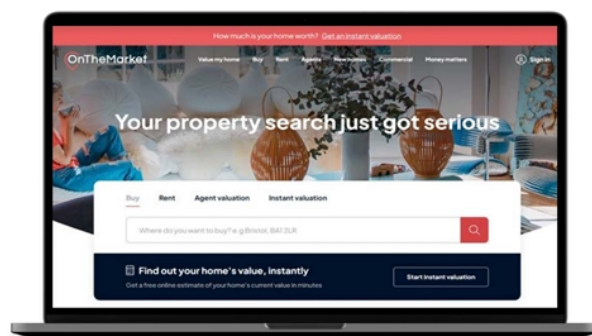


# Our Websites Reached 160 Million Unique Visitors in September 2023





- OnTheMarket is the third most visited residential property portal in the United Kingdom with approximately 20 million site visits per month<sup>1</sup>
- Founded by agents in 2013 as an agent friendly competitive alternative to the existing UK property portals
- Over 13,000 agents advertise with OnTheMarket<sup>2</sup>
- Revenue for the twelve-month period ending July 31, 2023, was approximately £35 million<sup>3</sup>, with adjusted EBITDA of £8 million<sup>4</sup>
- Acquisition represents an attractive and efficient entry point into the £8 trillion United Kingdom residential property market
- Transaction multiples for trailing twelve month period are 2.5x revenue and 11x adjusted EBITDA
- Offer price £1.10 per share in cash or approximately £100 million
- Offer subject to shareholder approval and customary closing conditions. Transaction is expected to close in fourth quarter 2023



<sup>1</sup> Calculated as 119 million visits over the period of February 2023-July 2023, divided by six months

<sup>2</sup> Advertisers are defined as either estate and lettings agent branches or new home developments listed at OnTheMarket.com

<sup>3</sup> Calculated as the sum of 1H FY2024 revenue of £17mm, per OnTheMarket's FY2024 interim results announcement, and 2H FY2023 revenue, which is derived from Full Year FY2023 revenue of £35mm, per OnTheMarket's FY2023 Annual Report, less 1H FY2023 revenue of £17mm, per the FY2024 interim results announcement.

<sup>4</sup> Calculated as the sum of 1H FY2024 EBITDA of £3mm, per OnTheMarket's FY2024 interim results announcement, and 2H FY2023 EBITDA, which is derived from Full Year FY2023 EBITDA of £8mm, per OnTheMarket's FY2023 Annual Report, less 1H FY2023 EBITDA of £3mm, per the FY2024 interim results announcement.

# Third Quarter and Year to Date 2023 Results

	Third Quarter	Year-To-Date
Revenue	\$625 million 12% year-over-year growth	\$1.8 billion 13% year-over-year growth
Adjusted EBITDA	\$112 million 18% margin	\$362 million 20% margin
Net new bookings	\$65 million	\$228 million
Net income	\$91 million \$0.22 per diluted share	\$278 million \$0.68 per diluted share
Non-GAAP net income	\$120 million \$0.30 per diluted share	\$365 million \$0.90 per diluted share

## 2023 Fourth Quarter and Full Year Outlook

	Fourth Quarter	Full Year
Revenue	\$630 million to \$635 million 10% year-over-year growth	\$2.445 billion to \$2.450 billion 12% year-over-year growth
Adjusted EBITDA	\$123 million to \$128 million 20% margin	\$485 million to \$490 million 20% margin
Net income	\$97 million to \$101 million \$0.24 to \$0.25 per diluted share	\$376 million to \$380 million \$0.92 to \$0.93 per diluted share
Non-GAAP net income	\$127 million to \$130 million \$0.31 to \$0.32 per diluted share	\$492 million to \$496 million \$1.21 to \$1.22 per diluted share



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## Company Overview



# MISSION STATEMENT

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We are digitizing the world's real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.



# CoStar Group is the Global Leader in Digitizing Real Estate

**37**  
years of real estate  
experience

**One billion+**  
annual visits  
to our websites

**\$5 billion+**  
investment in research  
and technology

**5,700**  
employees



**75**  
offices

**14**  
countries

**~\$30 billion**  
market capitalization

**\$5 billion+**  
in cash on hand

\*All numerical data as of September 30, 2023





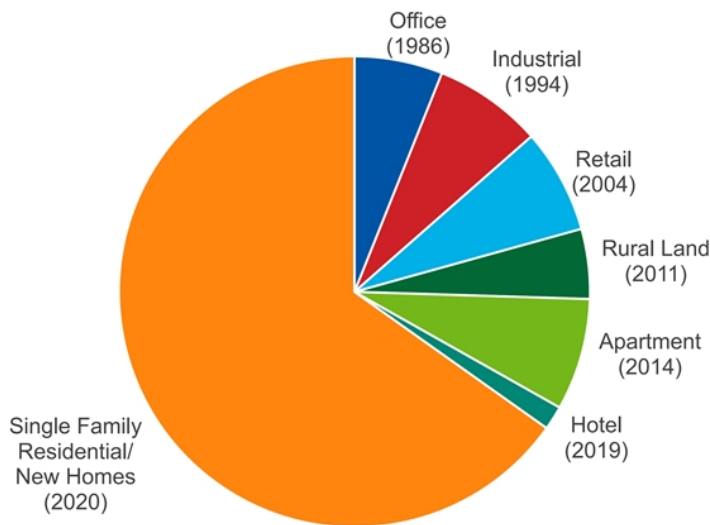
# A Global Leader in the Digital Transformation of the \$300+ Trillion Real Estate Industry

- **Long growth runway:** Global addressable market for real estate information and marketplaces estimated at > \$100 billion.
- **Strong competitive position:** Massive proprietary dataset built over 37 years with > \$5 billion invested in research.
- **Leading Property Marketplaces:** Hundreds of millions shop our online real estate marketplaces.
- **Successful growth track record:** 50 consecutive quarters of double-digit revenue growth, both organic and through acquisitions.
- **Attractive financial model:** Over 95% subscription revenue. 90%+ renewal rates\*. Strong margins, high free cash flow and a fortress balance sheet.

\*All data as of September 30, 2023. Subscription revenue includes all contracts regardless of term. Renewal rate refers to contracts with 12 month or longer terms.

# Global Real Estate: A \$300 Trillion Asset Class

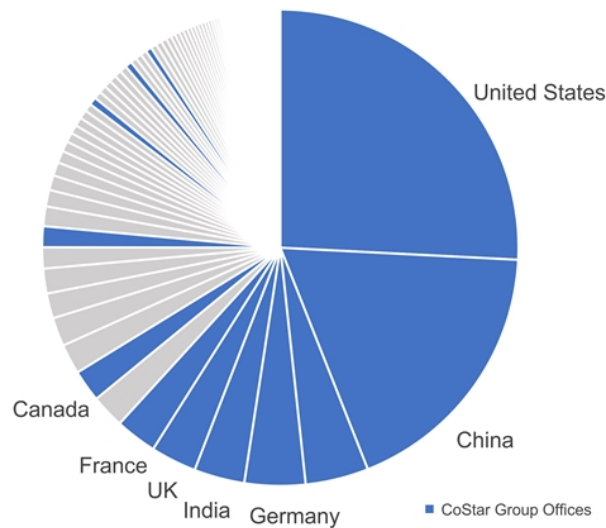
U.S. REAL ESTATE  
\$70 TRILLION  
(Year CoStar entered market)



U.S. Real Estate Sources:  
Office – CoStar estimate  
Industrial – CoStar estimate  
Retail – CoStar estimate  
Rural Land – U.S. Department of Agriculture

Apartment – CoStar estimate  
Hotel – CoStar estimate  
Single Family – Federal Reserve Flow of Funds and Urban Institute  
New Homes – Federal Reserve Economic Data (FRED)

GLOBAL REAL ESTATE  
\$300 TRILLION



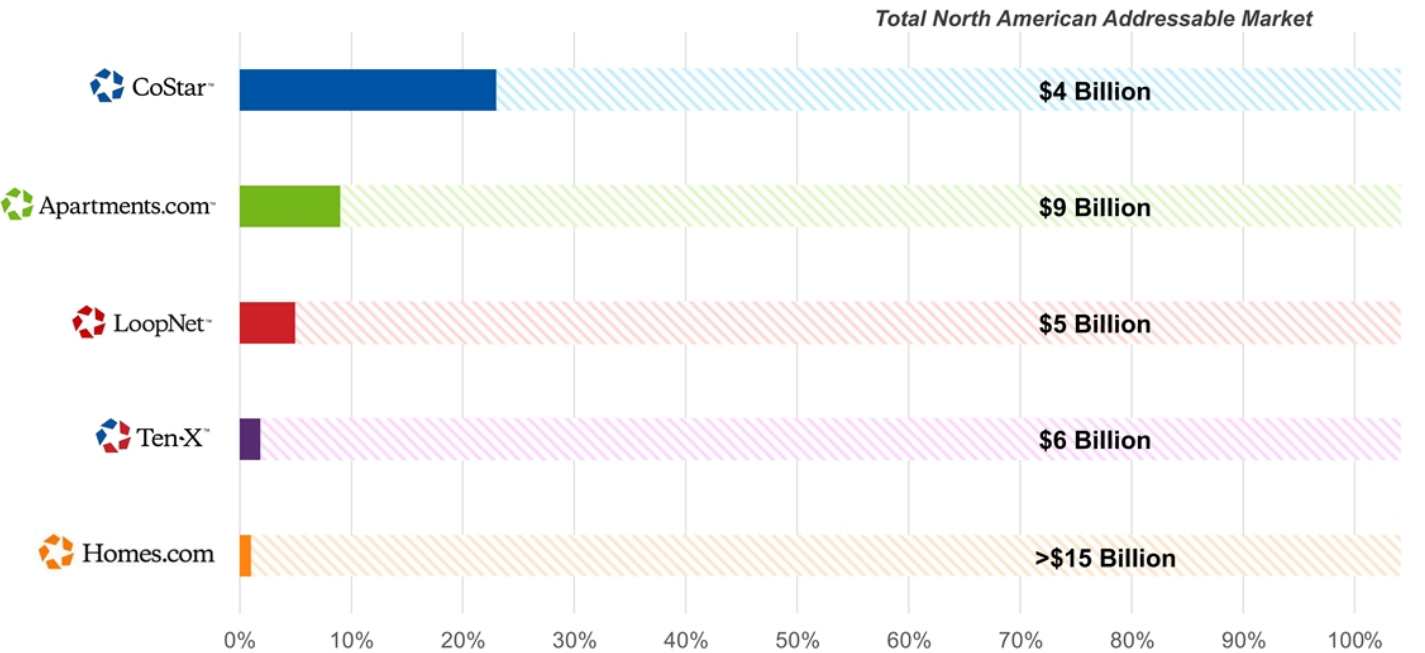
Global Real Estate Sources:  
Global real estate value calculated by scaling U.S. real estate value based on the U.S. share of global GDP, Global GDP data from The World Bank

Based on 2023 Data



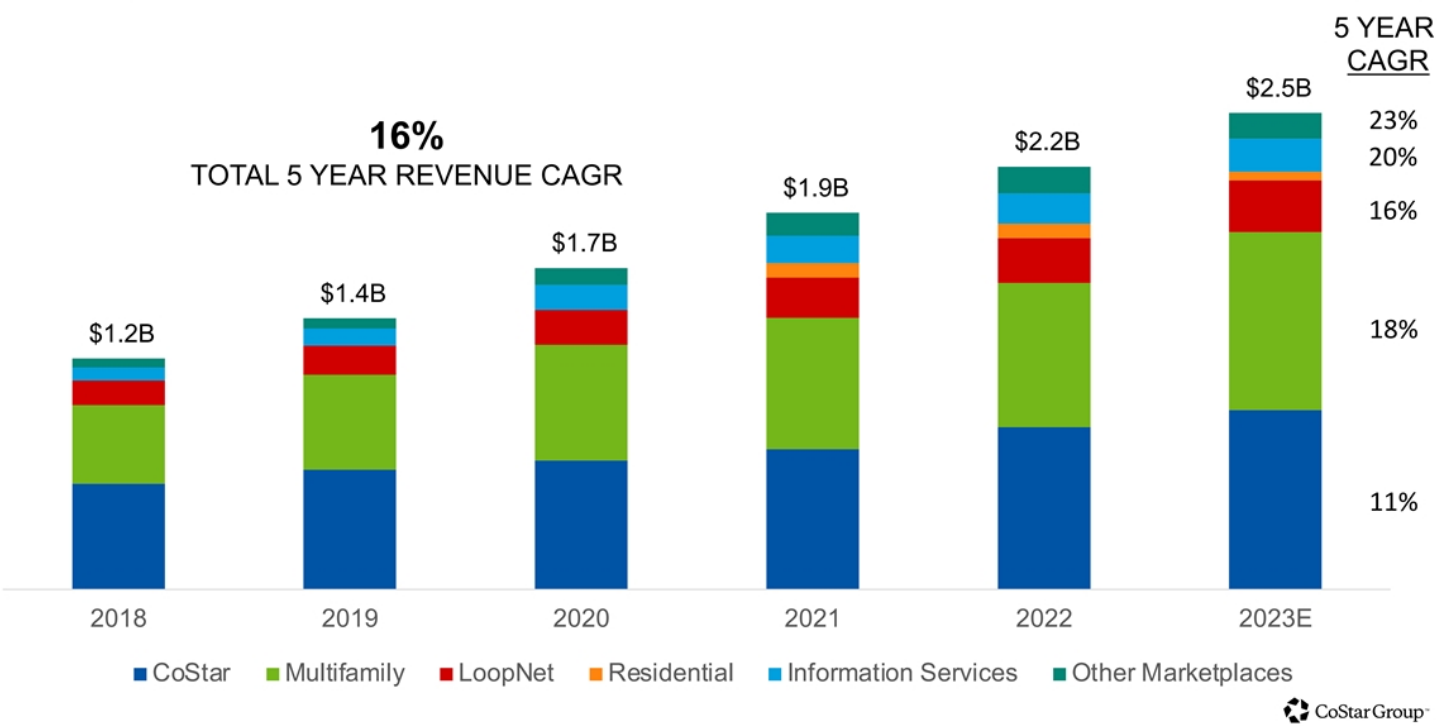


# ~\$40B North American Addressable Market, Global Market > \$100B

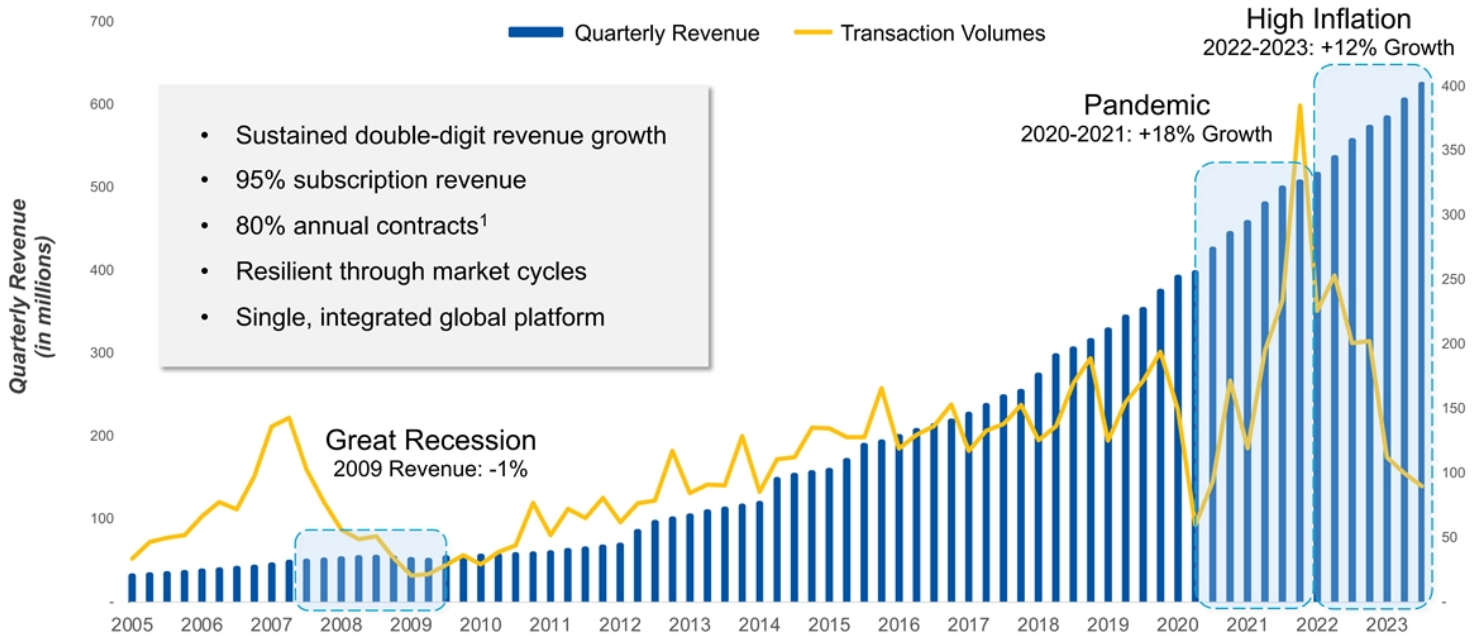


TAM Sources:  
CoStar, Apartments, LoopNet and Ten-X – CoStar estimate  
Homes.com – extrapolation of Borrell Associates "2019 Real Estate Advertisement Outlook" combined with CoStar estimate

# Consistent Double Digit Revenue Growth

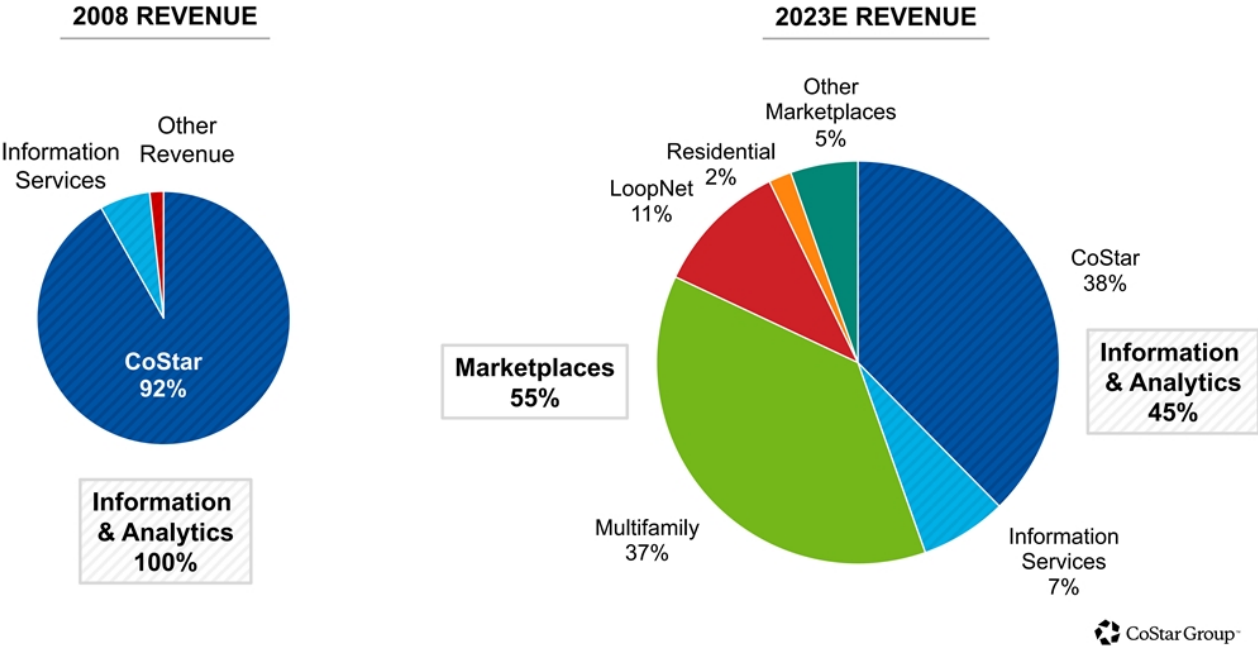


# 50 Consecutive Quarters of Double-Digit Revenue Growth Regardless of Commercial Property Transaction Volumes



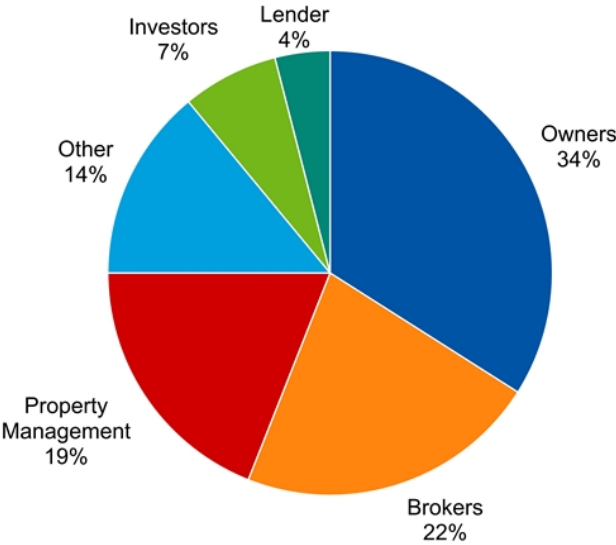
<sup>1</sup> As of September 30, 2023. Organic revenue excludes revenue from acquired companies at time of acquisition. 2022-2023 revenue growth rate based on full year 2022 and 2023 run rate revenue.

# More Diversified with More Countercyclical Business Mix Since the Great Recession

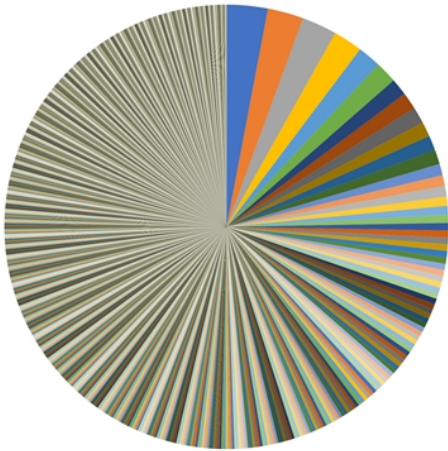


# Diversified Client Base with Minimal Concentration

REVENUE BY CLIENT SEGMENT

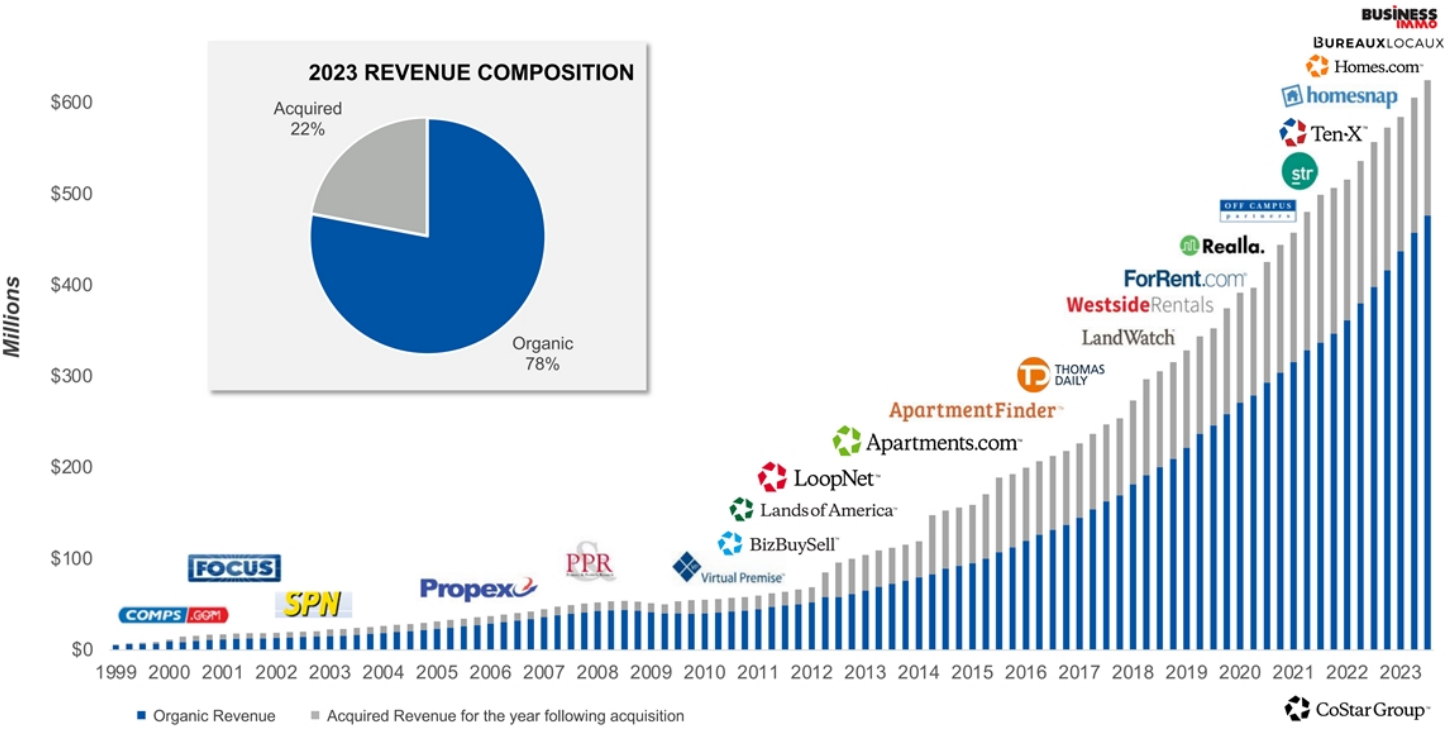


TOP 1,000 CLIENTS:  
NONE MORE THAN 2%



\*Revenue by client segment and by client extrapolated from September 2023 CoStar billing data.

# Successful Acquisition and Integration Track Record



# High Growth, High Margin Subscription Business Model

## Double-Digit Revenue and Adjusted EBITDA Growth

- ✓ **23%** Revenue CAGR since IPO 24 years ago
- ✓ Net Income CAGR of **29%** over the last 10 years
- ✓ Adjusted EBITDA CAGR of **14%** over the last 10 years

## Predictable Subscription Services Revenue

- ✓ **95%** subscription revenue with 82%+ annual contracts
- ✓ **96%** renewal rate for clients > 5 years
- ✓ Double-digit revenue growth for 50 straight quarters

## Strong Operating Leverage

- ✓ **80%+** gross margin
- ✓ Commercial business approaching 40% margin

## Highly Cash Generative with Strong Balance Sheet

- ✓ Net cash provided by operating activities of **\$526M** for trailing twelve months
- ✓ \$5.2B cash versus \$1B of debt

Note: All data as of 9/30/23.

## ESG Recent Accomplishments

- Calculated Greenhouse Gas baseline emissions in 2022
- Completed CDP Questionnaire
- Signed Net Zero Commitment with Science Based Target initiative
- ISS 50% Score Improvement

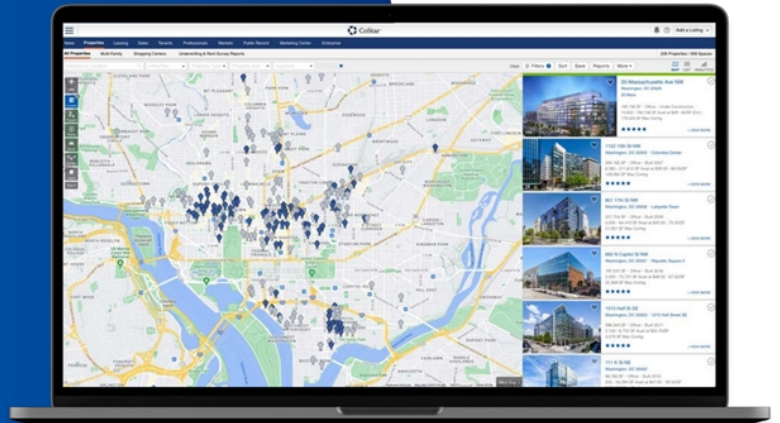
To read our full 2023 ESG Report visit:  
<https://investors.costargroup.com/ESG>







The global leader in commercial  
real estate information, analytics,  
and data-driven news



# CoStar by the Numbers

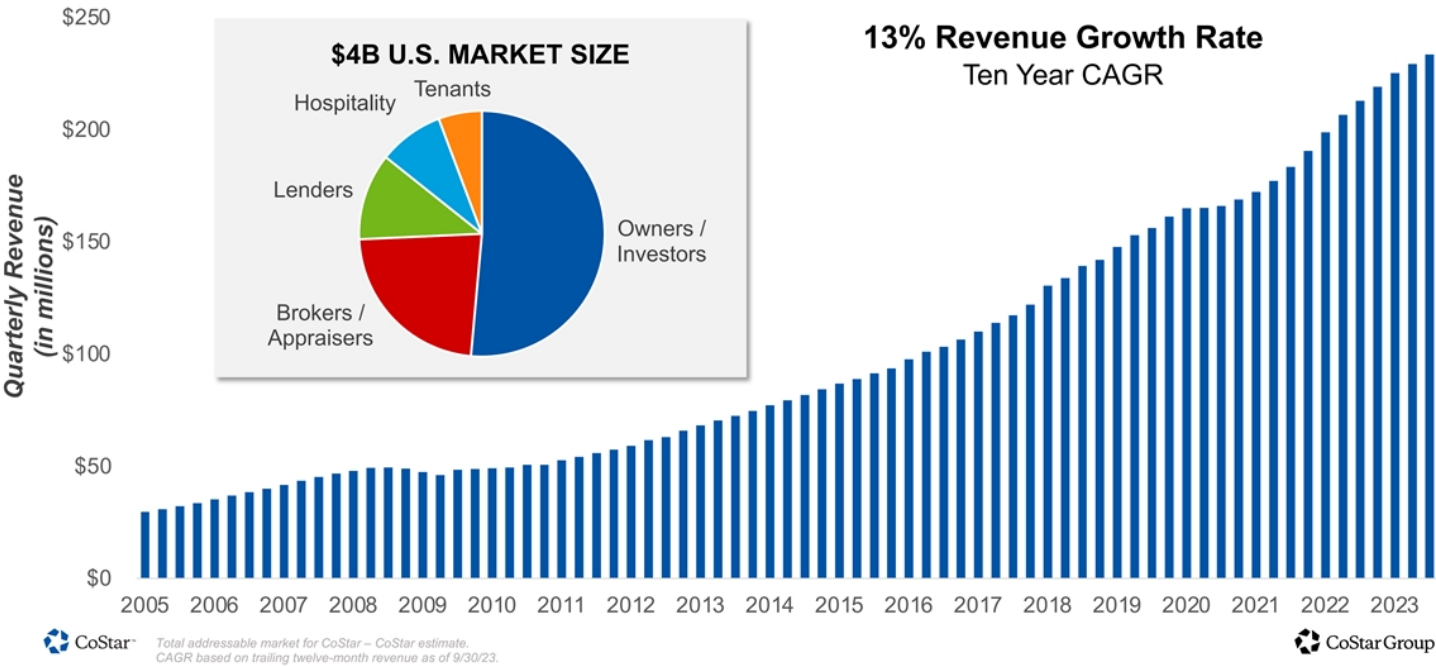


CoStar™

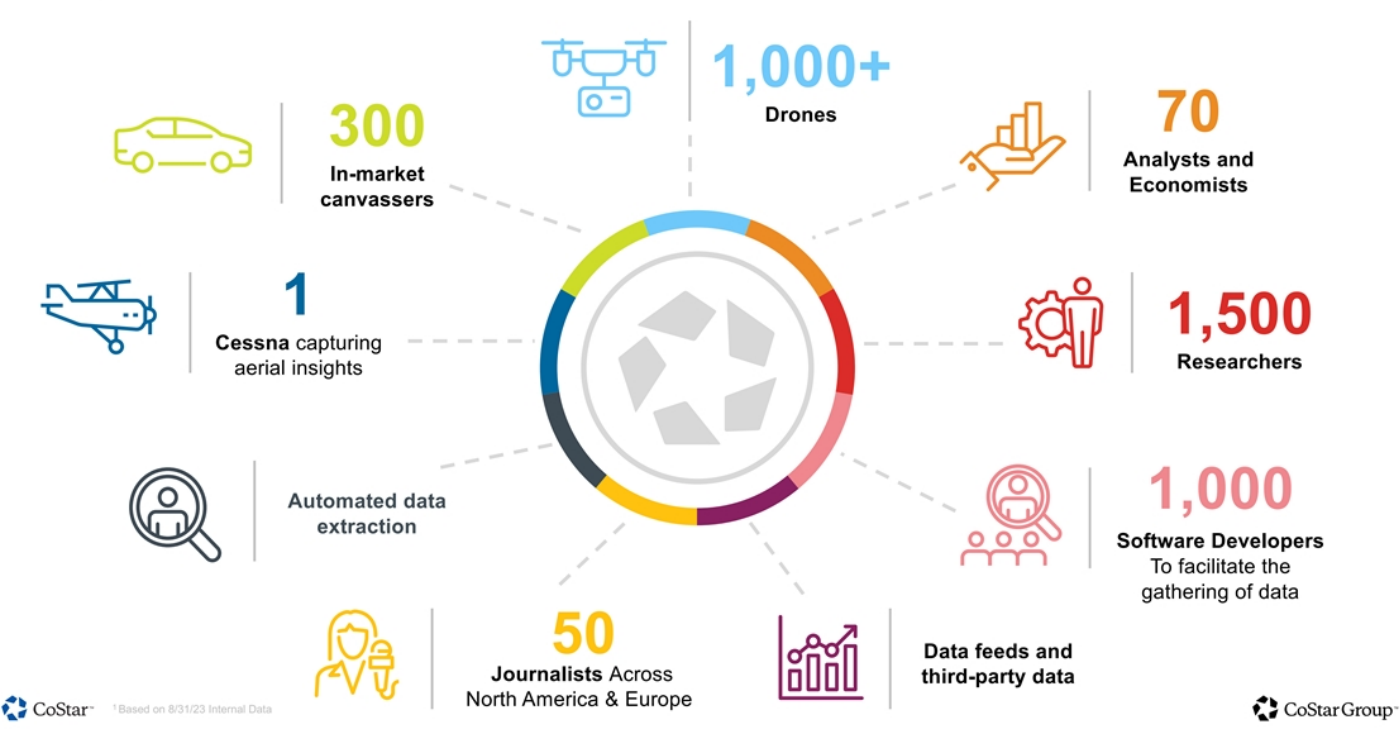


\* Data from CoStar internal database as of September 2023. Run Rate based on Q3 2023 annualized.

# CoStar Product Investments Expand the Market Size, Resulting in Long-Term Double-Digit Growth




# Unparalleled Research Methodology





Discover your new home.  
Helping 100 million renters find their perfect fit.

 CoStar Group

# Apartments.com by the Numbers



Apartments.com™

\$940M

Revenue Run Rate

24%

Year-over-Year  
Revenue Growth

#1

Rank in Brand  
Awareness

1M+

Rental  
Availabilities

1B

Annual Visits

45M

Average Monthly  
Unique Visitors

\*All data as of September 2023. Revenue Run Rate based on Q3 2023 annualized. Brand awareness from Dynata, a leading market research sampling provider.. Traffic data from Google Analytics.

# Apartments.com Beats Competition on the Metrics That Matter to Advertisers



**2X**  
more time  
per visit

**2X**  
higher  
conversion

**3X**  
more  
leases

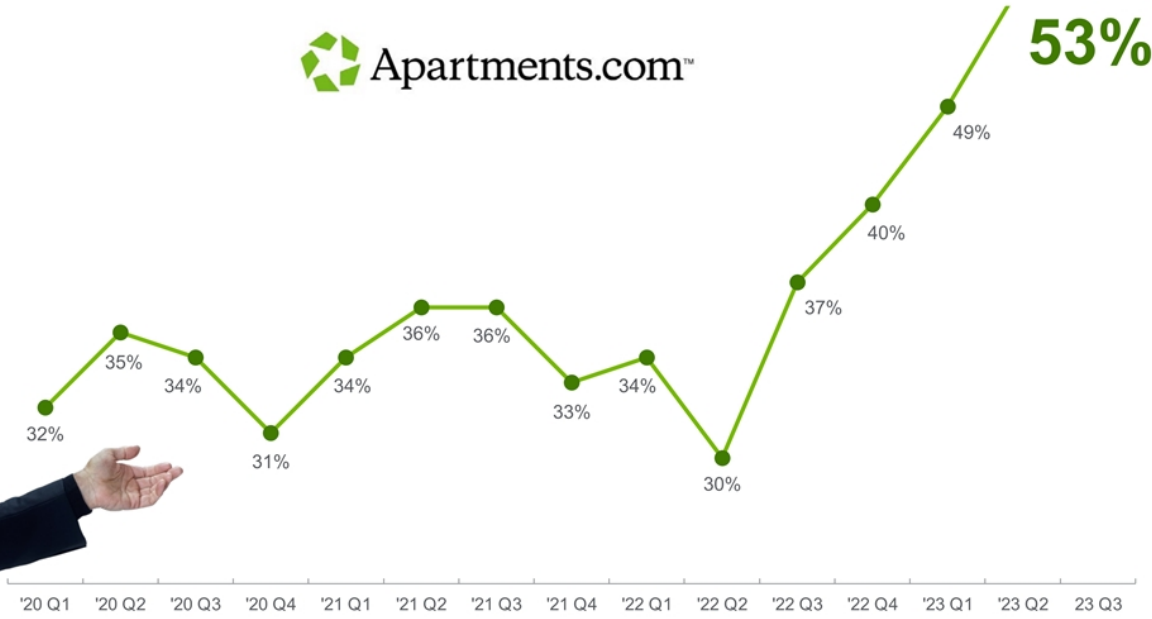
Sources: Traffic from Comscore Media Metrix, YTD 2023; Lease data from Rent Dynamics, April - June 2023

 CoStar Group™

# Record Unaided Consumer Brand Awareness



 Apartments.com™



Source: Dynata a leading market research sampling provider

 CoStar Group™



# Success of Apartments.com

THE WALL STREET JOURNAL  
CoStar to Acquire Apartments.com for \$585 Million

## Growth Since Acquisition

	2014	2023	
Industry Rank	5 <sup>th</sup> place in highly fragmented online rental search industry	The leading online rental marketplace*	#1
Revenue	\$86 million	\$940 million revenue run rate	11X
Traffic	4 million monthly uniques	45 million average monthly uniques	11X
Customers	18,000 communities	69,000 communities	4X

\* 2023 #1 in Brand Awareness and Revenue. 2023 Revenue Run Rate based on Q3 2023 annualized. 2014 ComScore traffic data. 2023 Google Analytics traffic data. Customer data from internal database.

 Apartments.com

 CoStar Group

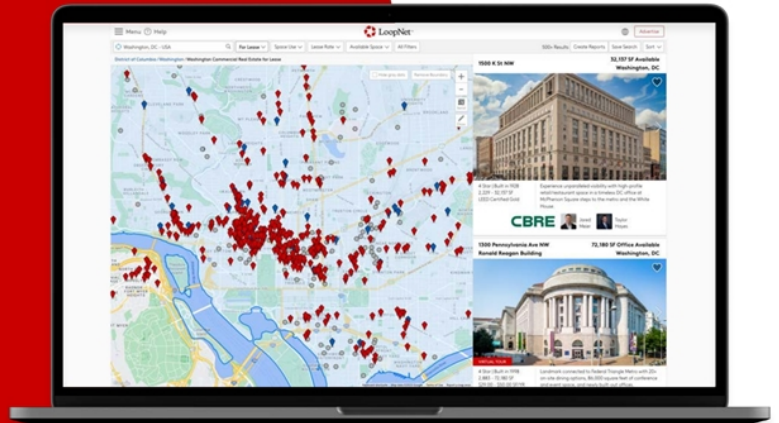
# Tremendous Opportunity Ahead in the Small to Medium Property Space

Unit Range	Universe	Client Properties	Annual Revenue Run Rate	Revenue Penetration	TAM (\$M)
1-49	23M	11K	\$60M	1%	\$6B
50-99	68K	11K	\$108M	11%	\$1B
100+	102K	43K	\$772M	39%	\$2B
Grand Total	23M	65K	\$940	10%	\$9B

**\$7B**  
opportunity



The #1 global commercial  
real estate marketplace



# LoopNet by the Numbers



**\$270M**  
Revenue Run Rate

**16%**  
5 Year Revenue  
CAGR

**14M**  
Monthly Unique  
Visitors Worldwide

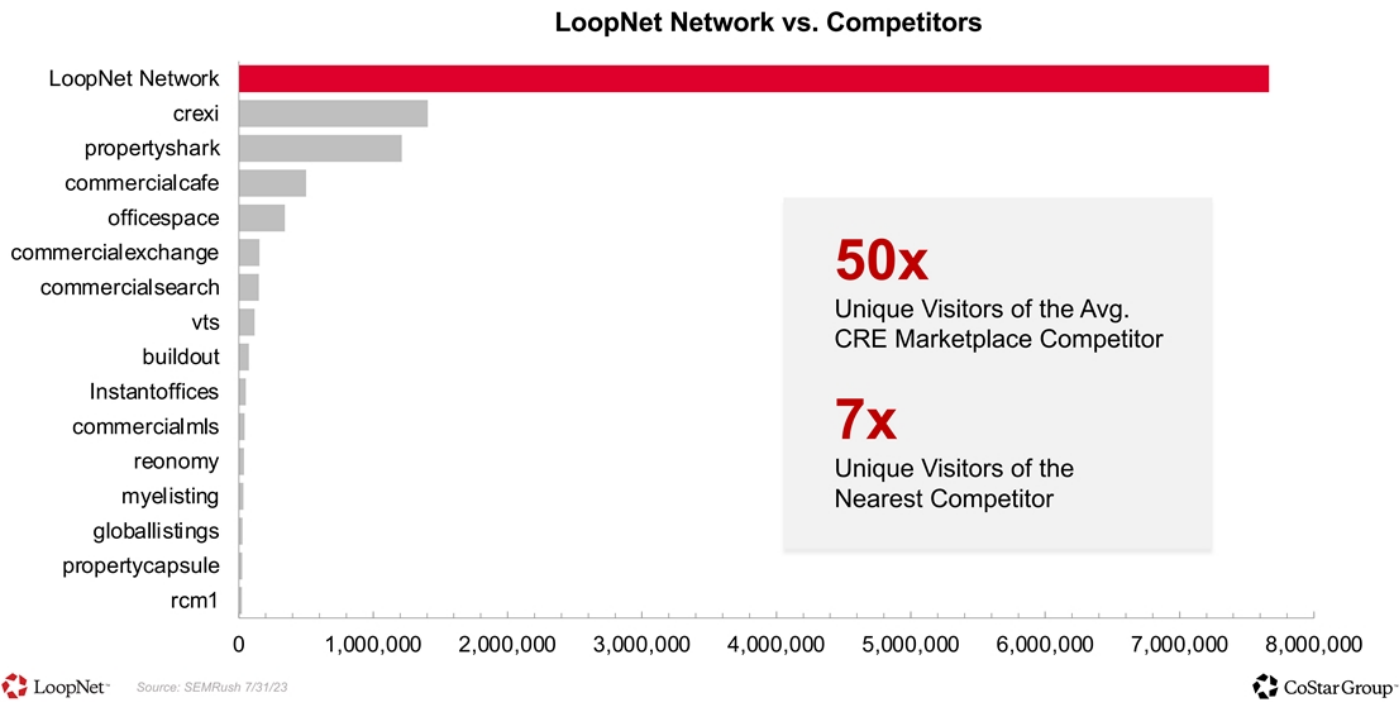
**93%**  
#1 Position for CRE  
Terms in Google

**370K+**  
CRE Brokers &  
Owners Advertising

**97%**  
Fortune 1000  
Companies  
Active on Site

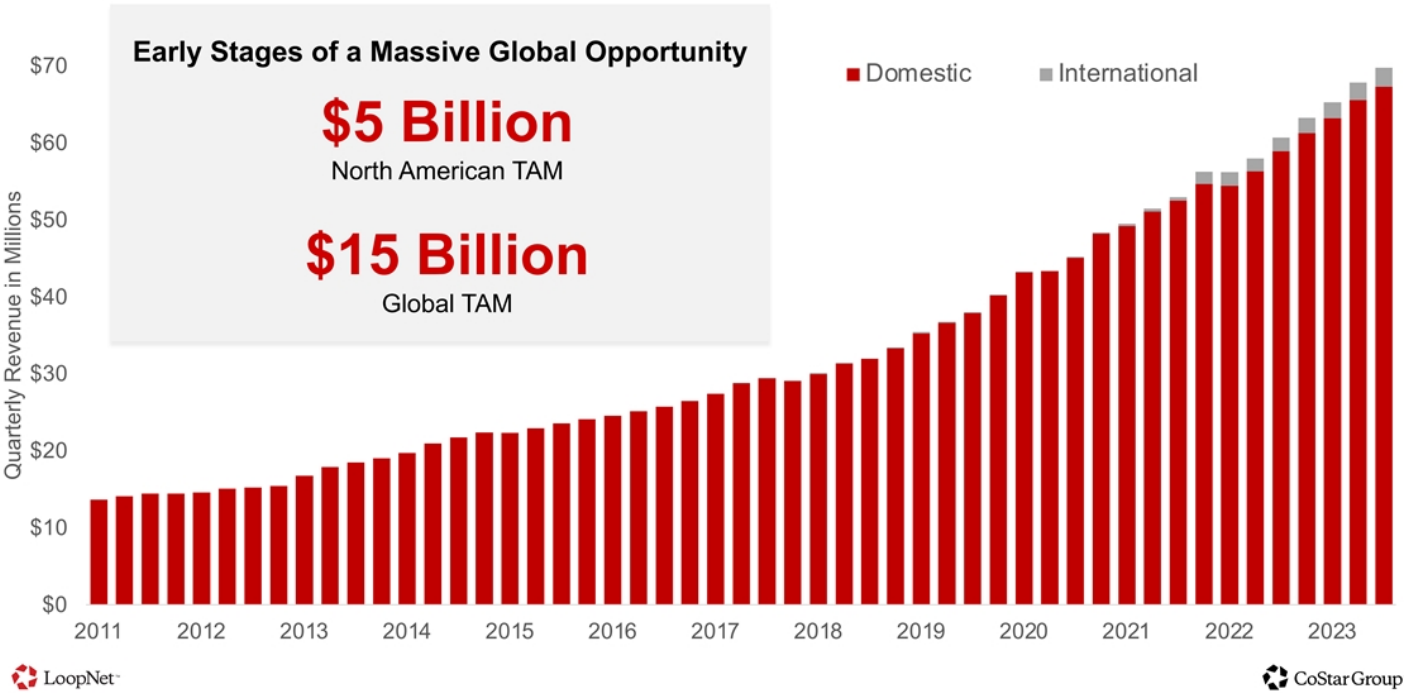
\*All data as of September 2023. Run Rate based on Q3 2023 annualized. Traffic data from Google Analytics.

# Commanding Share of Traffic vs. Marketplace Competitors





# LoopNet Revenue Up 5x Since Acquisition



# LoopNet International Expansion Underway

LoopNet Canada

loopnet.ca

Find your next commercial property

For Sale

For Lease

Business For Sale

Enter a property type

Enter a location

Search

Trends

215 Lakeshore in 2015

Commercial Real Estate Market

in North America

100 Most Active Apartment Markets in 2015

in North America

Commercial Real Estate Market

in 2015

LoopNet UK

loopnet.co.uk

Find your next commercial property

For Sale

For Lease

Enter a property type

Enter a location

Search

Trends

100 Most Active Apartment Markets in 2015

in North America

Commercial Real Estate Market

in 2015

LoopNet Spain

loopnet.es

Encuentre su próxima propiedad comercial

Venta

Alquiler

Buscar zona

Buscar una ubicación

Buscar

Tendencias

Críticas de fertilidad, según para

iniciativa y otros conceptos

monetizables emergentes

LoopNet France

loopnet.fr

Trouvez votre prochaine propriété commerciale

A vendre

A louer

Entrer un type de propriété

Paris

Ressources

Les tendances

Vous voulez un accord avec « Le

profil » ? Découvrez comment à

devenir une Propriété


LoopNet

CoStar Group





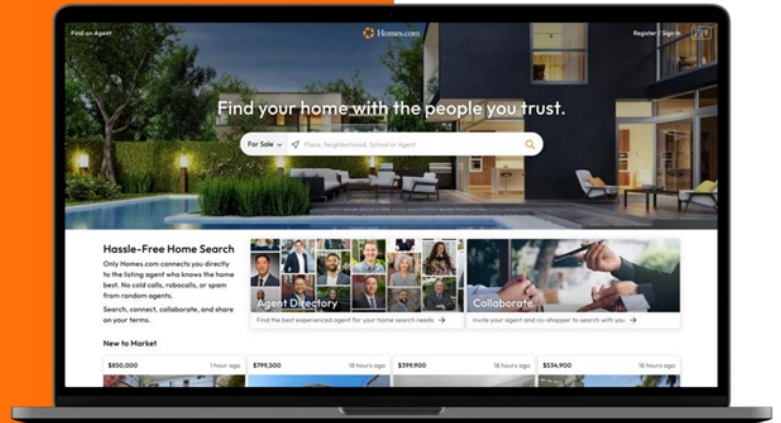
The fastest growing U.S. residential marketplace

 CoStar Group



# Our Vision

Establish Homes.com  
as the #1 residential  
real estate marketplace



# Homes.com by the Numbers



**100M+**  
Monthly Unique  
Visitors

**Millions**  
Free Leads  
per Quarter

**2.1M+**  
Residential For Sale  
and Rental Listings

**15K+**  
Neighborhood  
Content

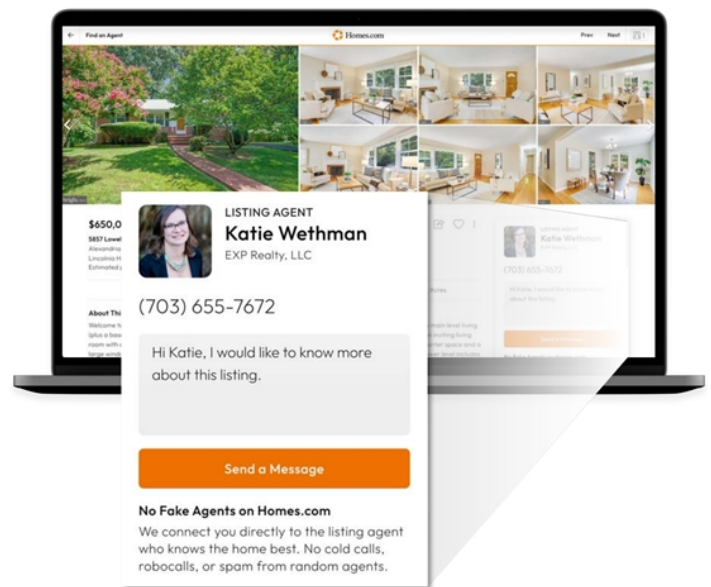
**630K**  
Agents with  
1+ Listing

**1M+**  
Registered Agents

\* Sources: Homes.com surpassed 100 million monthly unique visitors, according to Google Analytics. All other based on Internal data as of September 30, 2023.

## A Better Business Model – “Your Listing, Your Lead”

- Only Homes.com connects you to the listing agent who knows the home best
- No cold calls, robocalls, or spam from random agents
- Competitor models monetize buyer agency, taking one third of agent's commissions
- Homes.com is providing millions of free leads to listing agents to help sell the home



## **“Your Listing, Your Lead”** Delivering Real Value to Agents

MILLIONS of  
**FREE**  
LEADS

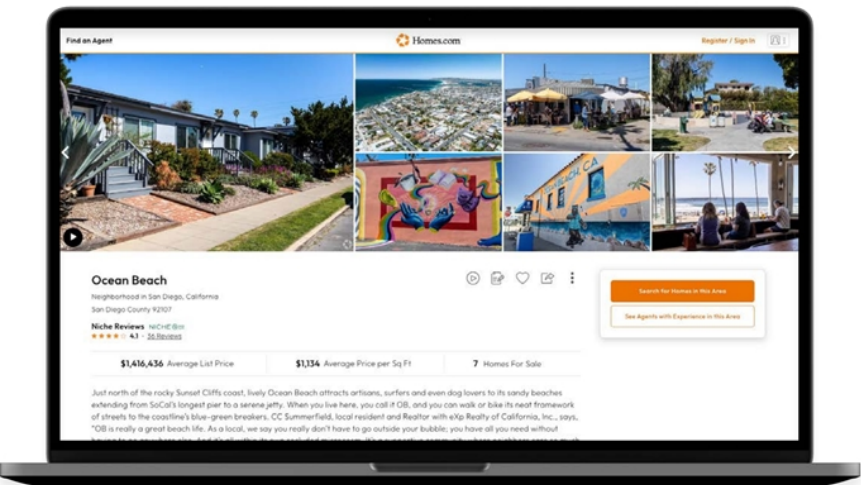
BILLIONS in  
**COMMISSION**  
**VALUE**

**SAVING**  
**BILLIONS**  
in REFERRAL FEES



# Our Proprietary Content Sets Us Apart. Consumers Aren't Just Looking for a Home, They're Looking for a Community.

Homes.com is digitizing rich content for communities across the U.S.



20,000+  
Neighborhoods


40,000+  
Parks

125,000+  
Schools

65,000+  
Condo Buildings

# Marketing the Property is the Superior Financial Model

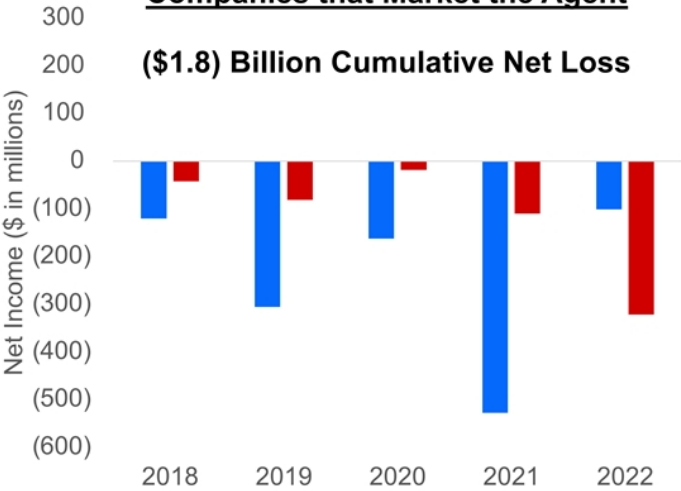
Contact Agent



**\$945,000**  
5 Beds · 3.5 Baths · 2,394 Sq Ft  
4705 16th St NW, Washington, DC 20011  
Motivated sellers will entertain any reasonable offer. Price improvement and unique financing opportunity for the first two years save up to \$1,000 per month in lower mortgage payments for the first two years! The previous buyer got cold feet! Don't miss out on this...  
Matthew Paschall · Compass

## Companies that Market the Agent

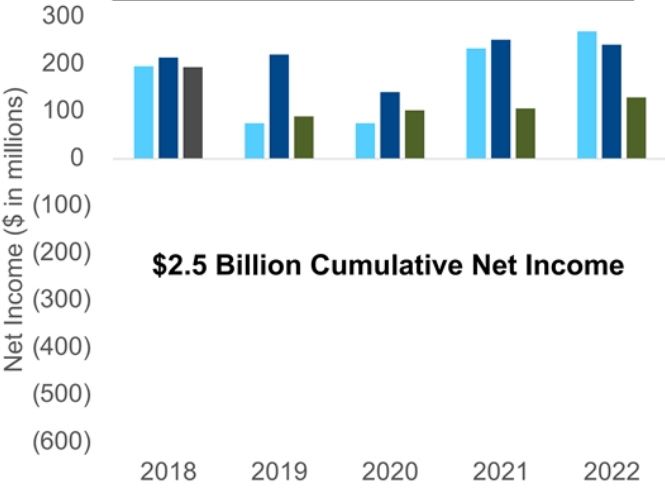
(\$1.8) Billion Cumulative Net Loss



Homes.com Source: Aggregate of publicly disclosed data for competitors in the industry.

## Companies that Market the Property

\$2.5 Billion Cumulative Net Income




CoStar Group





**STR**

The global leader in hospitality  
information, analytics and benchmarking

 CoStar Group

# STR by the Numbers



**22%**  
YoY Subscription  
Revenue Growth

**78K**  
Hotels Worldwide

**10M**  
Guest Rooms

**190**  
Countries

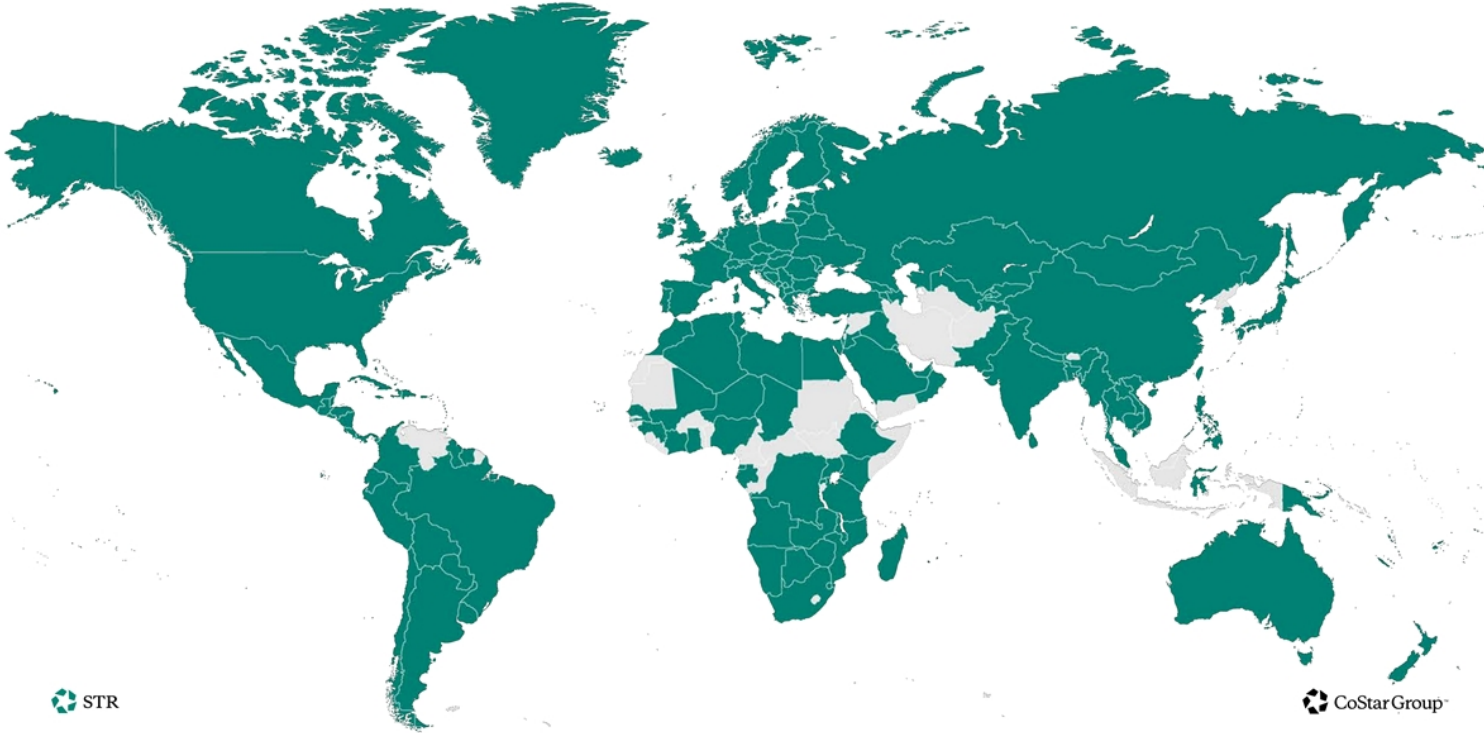
**\$300M**  
Total Addressable  
Market

**97%**  
Renewal Rate

\*Based on internal CoStar data as of September 2023.



# STR Data Includes 78,000+ Hotels Across 190 Countries



STR

CoStar Group



**CoStar** REAL ESTATE MANAGER™

The leading platform for lease accounting  
and management

 CoStar Group

# Real Estate Manager by the Numbers

17%

5 Year Revenue  
CAGR

97%

Customer  
Retention Rate



CoStar™

REAL ESTATE MANAGER

\$4B

Monthly Lease  
Payments Managed

625K

Real Estate  
Leases

33K

System Users

CAGR and Retention Rate based on 9/30/23 trailing twelve-month period. All other data from internal database as of August 2023.

# Platform for Managing the Tenant's Entire Lease Lifecycle

## The Most Comprehensive Portfolio Management Platform with Integrated CoStar Real Estate Data

Drive Cost Savings  
Optimize Real Estate Portfolios  
Achieve Lease Accounting Compliance







The SMARTER, BETTER, FASTER way  
to transact commercial real estate

# Ten-X by the Numbers



**\$31B**  
Assets Sold

**90%**  
Properties Sold in  
90 Days or Less

**63%**  
Trade Rate  
Since 2020

**93%**  
Close Rate

**84%**  
Non-Distressed  
Assets

Assets sold since inception in 2009. Trade rate since acquisition in 2020. Close rate, time to close and non-distressed assets sold are YTD 2023.

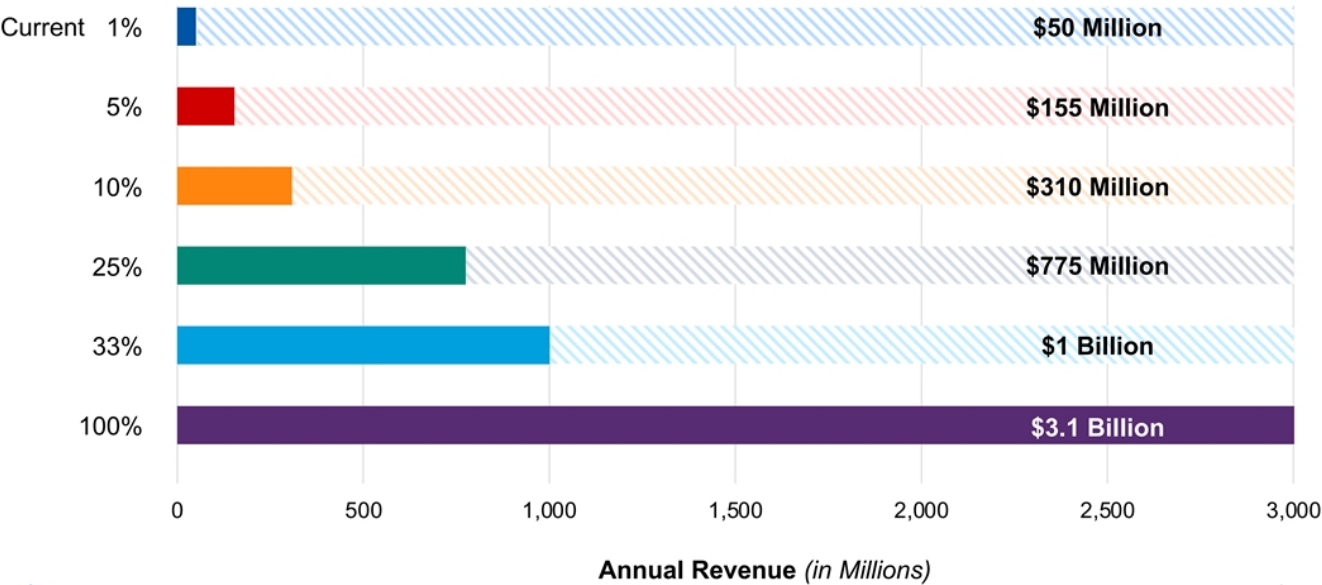
# Ten-X Platform Closes Deals 2-3x Faster than Offline Transactions



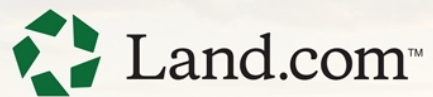
# Ten-X Revenue Opportunity is >\$3 Billion at Current Transaction Levels

Market Penetration %  
(\$1M - \$10M Property Size)

Revenue Opportunity

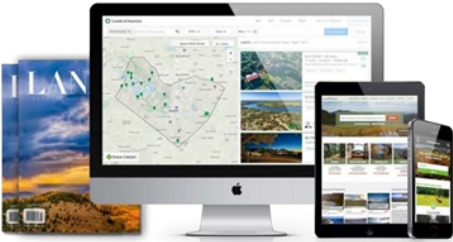






The largest rural real estate marketplace  
in the country

# Land.com by the Numbers



**16%**  
5 Year Revenue  
CAGR

**10M**  
Average Monthly  
Visitors

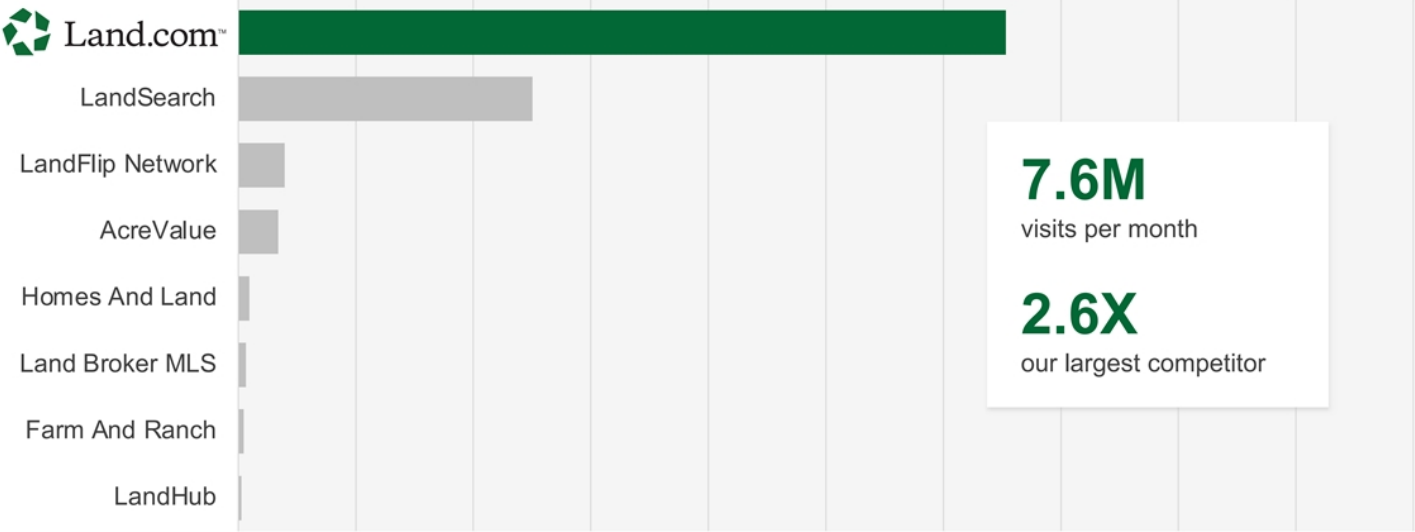
**8K+**  
Paid Clients

**430K+**  
Land Sale Comps  
in Database

**50K+**  
Paid Listings

\*CAGR and leads based on 9/30/23 trailing twelve-month period. Traffic data from Google Analytics for Q3 23. Paid listing and client data from internal database as of 8/31/23.

# Land.com Leads All Competitors in Traffic Share



Source: SimilarWeb, Monthly Visits, August 2023



The largest business-for-sale marketplace in the U.S.

# BizBuySell by the Numbers

10%

5 Year Revenue  
CAGR

35M

Annual Visits



BizBuySell™

2.5M

Annual  
Leads Delivered

120K

Annual  
Paid Listings

150K

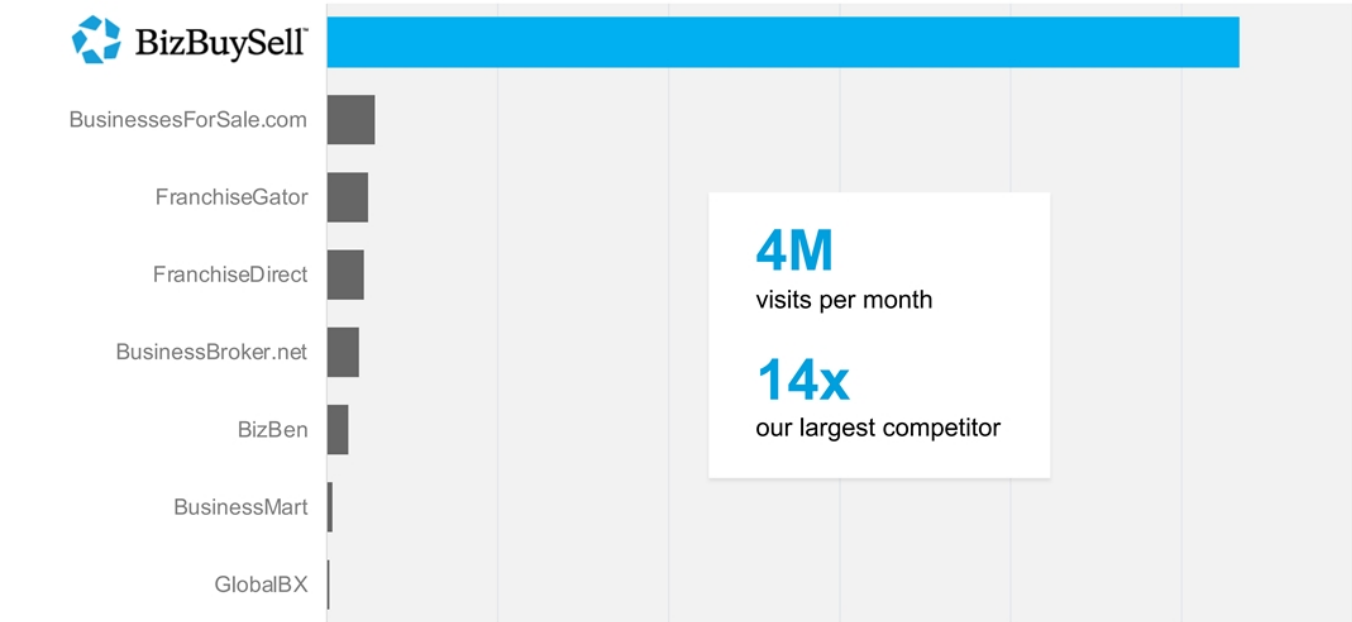
Sold Business  
Comps in Database



\*CAGR based on trailing twelve-month revenue from 9/30/23. Run Rate based on Q3 2023 annualized. Traffic data from Google Analytics. Listing, Lead and Comp data from internal database as of 8/31/23.

 CoStar Group™

# Our Network Has More Traffic Than All Competitors Combined







# Appendix



# Non-GAAP Measures

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For information regarding the purpose for which management uses the non-GAAP financial measures disclosed in this release and why management believes they provide useful information to investors regarding the CoStar Group Inc.'s (the "Company" of "CoStar Group") financial condition and results of operations, please refer to the Company's latest periodic report filed with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

EBITDA is a non-GAAP financial measure that represents GAAP net income attributable to CoStar Group before interest income or expense, net and other income or expense, net; loss on debt extinguishment; income taxes; depreciation and amortization.

Adjusted EBITDA is a non-GAAP financial measure that represents EBITDA before stock-based compensation expense, acquisition- and integration-related costs, restructuring costs, and settlements and impairments incurred outside the Company's ordinary course of business. Adjusted EBITDA margin represents adjusted EBITDA divided by revenues for the period.

Non-GAAP net income is a non-GAAP financial measure determined by adjusting GAAP net income attributable to CoStar Group for stock-based compensation expense, acquisition- and integration-related costs, restructuring costs, settlement and impairment costs incurred outside the Company's ordinary course of business and loss on debt extinguishment, as well as amortization of acquired intangible assets and other related costs, and then subtracting an assumed provision for income taxes. In 2023, the Company is assuming a 26% tax rate in order to approximate its statutory corporate tax rate excluding the impact of discrete items.

Non-GAAP net income per diluted share is a non-GAAP financial measure that represents non-GAAP net income divided by the number of diluted shares outstanding for the period used in the calculation of GAAP net income per diluted share. For periods with GAAP net losses and non-GAAP net income, the weighted average outstanding shares used to calculate non-GAAP net income per share includes potentially dilutive securities that were excluded from the calculation of GAAP net income per share as the effect was anti-dilutive.

Organic revenues and acquired revenues are non-GAAP measures for reporting financial performance of the business. Organic revenues represent total company revenues excluding net revenues from acquired companies for the first four full quarters since the entities' acquisition date. Acquired revenues represents revenues from acquired companies for the first four full quarters since the entities' acquisition date. After the completion of four full fiscal quarters, changes in revenues of acquired is treated as organic for future periods. For products discontinued after an acquisition, the lesser of the reported revenues or the actual revenues reported is included in acquired revenues.



# Reconciliation of Net Income to Non-GAAP Net Income

The following table presents a reconciliation of CoStar Group's, Non-GAAP Net Income, including forward-looking guidance Non-GAAP Net Income, to the most directly comparable GAAP financial measure, net income.

(in thousands) except per share amounts	For the Year Ended December 31,		For the Three Months Ended		For the Nine Months Ended	
	Low 2023 <sup>(1)</sup>	High 2023 <sup>(1)</sup>	December 31, 2023 - Low <sup>(1)</sup>	December 31, 2023 - High <sup>(1)</sup>	September 30, 2023	September 30, 2023
Net income	\$ 376,000	\$ 380,000	\$ 97,000	\$ 101,000	\$ 90,574	\$ 278,225
Income tax expense	123,000	124,000	33,000	34,000	29,907	90,272
Income before income taxes	499,000	504,000	130,000	135,000	120,481	368,497
Amortization of acquired intangible assets	73,000	73,000	18,000	18,000	18,707	54,364
Stock-based compensation expense	86,000	86,000	22,000	22,000	21,899	63,770
Acquisition and integration related costs	3,000	3,000	1,000	1,000	796	2,272
Restructuring and related costs	4,000	4,000	-	-	509	3,880
Settlements and impairments	-	-	-	-	-	(107)
Non-GAAP income before income taxes	665,000	670,000	171,000	176,000	162,392	492,676
Assumed rate for income tax expense <sup>(2)</sup>	26%	26%	26%	26%	26%	26%
Assumed provision for income tax expense	(172,900)	(174,200)	(44,500)	(45,800)	(42,222)	(128,096)
Non-GAAP net income	\$ 492,100	\$ 495,800	\$ 126,500	\$ 130,200	\$ 120,170	\$ 364,580
Net income per share - diluted	\$ 0.92	\$ 0.93	\$ 0.24	\$ 0.25	\$ 0.22	\$ 0.68
Non-GAAP net income per share - diluted	\$ 1.21	\$ 1.22	\$ 0.31	\$ 0.32	\$ 0.30	\$ 0.90
Weighted average outstanding shares - diluted	406,800	406,800	407,400	407,400	407,229	406,713

<sup>(1)</sup> Represents forward-looking guidance.

<sup>(2)</sup> The assumed tax rate approximates our statutory federal and state corporate tax rate for the applicable period.

# Reconciliation of Net Income to Adjusted EBITDA

The following table presents a reconciliation of CoStar Group's Adjusted EBITDA, including forward-looking guidance range Adjusted EBITDA for the full year ending December 31, 2023, to the most directly comparable GAAP financial measure, net income.

(in thousands)	For the Year Ending December 31,				For the Three Months Ended December 31, 2023 - Low <sup>(1)</sup>	For the Three Months Ended December 31, 2023 - High <sup>(1)</sup>	For the Three Months Ended September 30, 2023
	2012	2022	Low 2023 <sup>(1)</sup>	High 2023 <sup>(1)</sup>			
Net income	\$ 9,915	\$ 369,453	\$ 376,000	\$ 380,000	\$ 97,000	\$ 101,000	\$ 90,574
Amortization of acquired intangible assets	22,241	102,579	73,000	73,000	18,000	18,000	18,707
Depreciation and other amortization	10,511	29,127	34,000	34,000	10,000	10,000	8,418
Interest income, net	(526)	(32,125)	(212,000)	(212,000)	(58,000)	(58,000)	(58,422)
Other (income) expense, net	4,832	(3,383)	(2,000)	(2,000)	-	-	(465)
Income tax expense	13,219	117,004	123,000	124,000	33,000	34,000	29,907
EBITDA	60,192	582,655	392,000	397,000	100,000	105,000	88,719
Stock-based compensation expense	12,282	75,207	86,000	86,000	22,000	22,000	21,899
Acquisition and integration related costs	13,924	5,405	3,000	3,000	1,000	1,000	796
Restructuring and related costs	-	2,175	4,000	4,000	-	-	509
Settlements and impairments	-	6,069	-	-	-	-	-
Adjusted EBITDA	\$ 86,398	\$ 671,511	\$ 485,000	\$ 490,000	\$ 123,000	\$ 128,000	\$ 111,923

<sup>(1)</sup> Represents forward-looking guidance.

# Use of Operating Metrics

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CoStar Group reviews a number of operating metrics to evaluate its business, measure performance, identify trends, formulate business plans and make strategic decisions. This presentation includes Net New Bookings. Going forward, CoStar Group expects to use these operating metrics on a periodic basis to evaluate and provide investors with insight into the performance of the Company's subscription-based services.

Net New Bookings are calculated based on the annualized amount of change in the Company's sales bookings, resulting from new subscription-based contracts, changes to existing subscription-based contracts and cancellations of subscription-based contracts for the period reported. Information regarding net new bookings is not comparable to, nor should it be substituted for, an analysis of the Company's revenues over time.