

**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): February 21, 2024**

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

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**0-24531**  
(Commission  
File Number)

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

**1331 L Street, NW, Washington, DC**  
(Address of principal executive offices)

**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 (see General Instruction A.2. below):

- 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 7.01 Regulation FD Disclosure.**

CoStar Group, Inc. (“CoStar” or the “Company”) hereby furnishes the presentation (the “Investor Presentation”) that the Company intends to use from time to time on or after February 21, 2024. CoStar may use the Investor Presentation with investors, analysts, lenders, insurers, vendors, clients, employees and others. The Investor Presentation is furnished herewith as Exhibit 99.1 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 February 21, 2024. 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 Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, nor shall it be deemed incorporated by reference into any reports or filings with the Securities and Exchange Commission, 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. Investor Presentation Dated February 21, 2024.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**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: February 21, 2024

By: /s/ Scott T. Wheeler

Name: Scott T. Wheeler

Title: Chief Financial Officer



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Fourth Quarter and Full Year 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; methods that we use to measure unique visitors to our portals, including Google Analytics, may misstate the actual number of unique persons who visit our network of mobile applications and websites for a given 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. Additionally, annualization of historical results from short periods of time or small sample sizes may differ materially from actual results realized in future periods and may not take into account other future market conditions that may negatively affect those results.

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 EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP Net Income, Non-GAAP Net Income per Share, Organic Revenues and Acquired Revenues, 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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## Fourth Quarter and Full Year 2023 Highlights



## Fourth Quarter and Full Year 2023 Highlights

- Full year 2023 revenue increased **13%** year-over-year and **12%** in the fourth quarter 2023, exceeding the high end of our guidance range.
- Commercial information and marketplace businesses grew revenue **14%** in 2023, with profit margins improving to **40%** for the full year.
- Apartments.com delivered **23%** year-over-year revenue growth in 2023. Annual run rate revenue crossed **\$1 billion** in January 2024, making Apartments.com our first billion-dollar business.
- Costar Group's residential network traffic reached **95 million** average monthly unique visitors in the fourth quarter of 2023 to become the second most trafficked network of residential sites in the U.S.
- Homes.com is the **fastest** growing residential property site in the U.S., with average monthly unique visitors increasing 600% year-over-year.
- Homes.com launched the industry's biggest brand campaign during Super Bowl LVIII. Subscription membership sales began ahead of schedule in February with almost **\$4.5 million** in annualized net new bookings sold in the first week.

Commercial information and marketplace businesses are our consolidated financial position and results excluding the impact of our Residential brands which are Homes.com and OnTheMarket, plc. Apartments network traffic as measured by Google Analytics; Zillow's network as reported in its Earnings Press Releases and Shareholder letters posted to their website for the prior eight quarters. Rent. traffic per Comscore.

## Fourth Quarter and Full Year 2023 Results

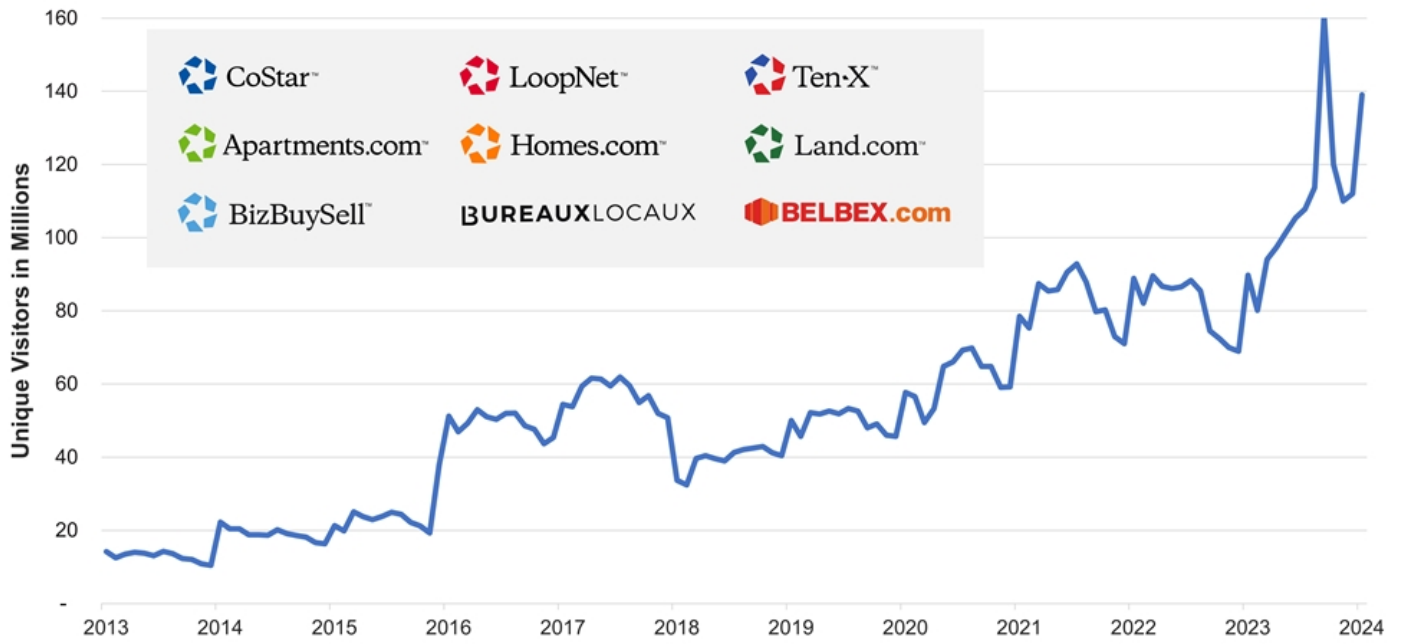
	Fourth Quarter	Full Year
Revenue	\$640 million 12% year-over-year growth	\$2.46 billion 13% year-over-year growth
Net income	\$96 million \$0.24 per diluted share	\$375 million \$0.92 per diluted share
Net new bookings	\$58 million	\$286 million
Adjusted EBITDA	\$130 million 20% margin	\$492 million 20% margin
Non-GAAP net income	\$133 million \$0.33 per diluted share	\$498 million \$1.22 per diluted share



## 2024 Outlook

	First Quarter	Full Year
<b>Revenue</b>	\$645 billion to \$650 billion 10% to 11% year-over-year growth	\$2.75 billion to \$2.77 billion 12% to 13% year-over-year growth
<b>Net income</b>	(\$5) million to (\$2) million (\$0.01) to \$0.00 per diluted share	\$115 million to \$129 million \$0.28 to \$0.32 per diluted share
<b>Adjusted EBITDA</b>	(\$12) million to (\$8) million (1) % margin	\$170 million to \$190 million 7% margin
<b>Non-GAAP net income</b>	\$26 million to \$29 million \$.06 to \$.07 per diluted share	\$232 million to \$246 million \$0.57 to \$0.60 per diluted share

# Traffic Growth Accelerating to 62% Year over Year in Q4 2023



Source: Google Analytics Unique Visitors – All CoStar Sites. Growth rate based on 4Q23 vs 4Q22.



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## Company Overview



# MISSION STATEMENT

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

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

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

**~6,200**  
employees

member of the  
**STANDARD  
& POOR'S 500**

**FORTUNE  
100 FASTEST  
GROWING  
COMPANIES**

**FUTURE  
50**

**GLOBAL  
2000**  
WORLD'S LARGEST  
PUBLIC COMPANIES  
Forbes  
2021

**INMAN  
INNOVATOR  
AWARDS**  
COMPANY OF THE YEAR

**SABEW**  
The ASSOCIATION  
for BUSINESS  
JOURNALISTS  
Innovator of the Year

**Forbes**  
The World's Most  
**Innovative Companies**

**Nasdaq  
100  
INDEX**

**SHORTY  
AWARDS**  
Best Integrated Marketing Campaign

**74**  
offices

**14**  
countries

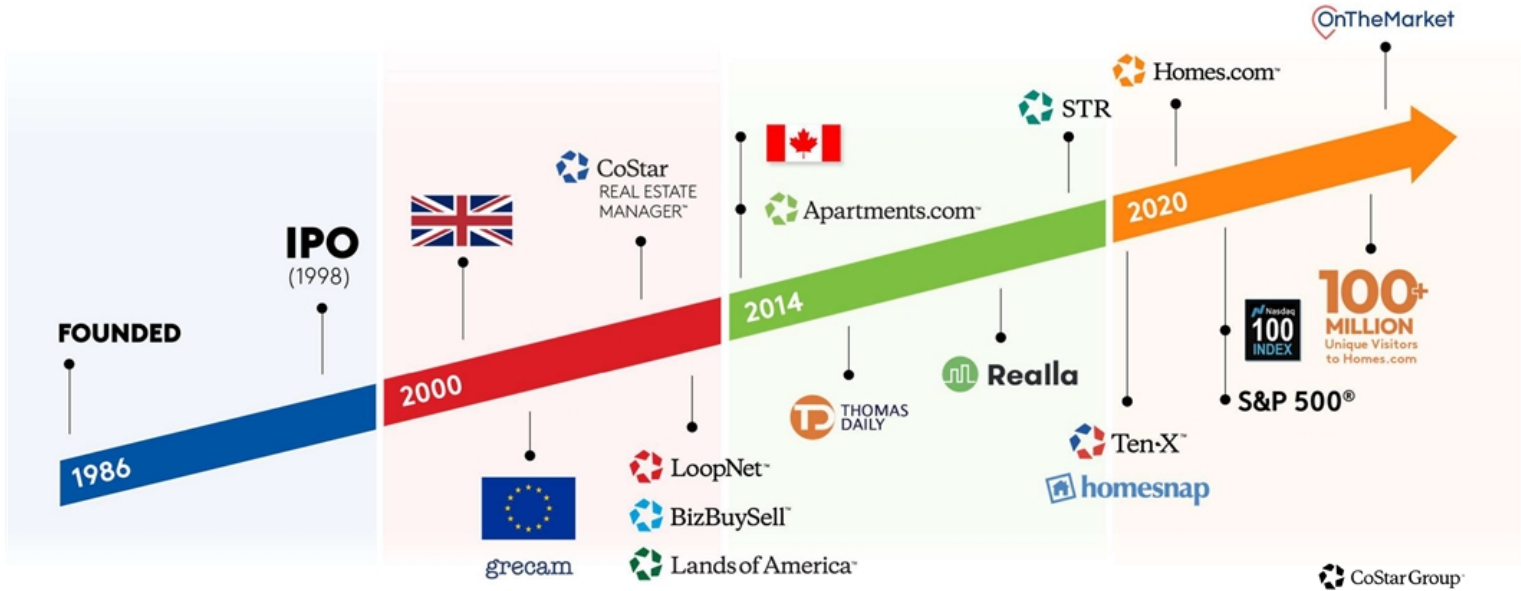
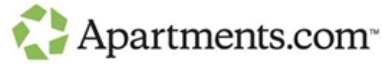
**~\$35 billion**  
market capitalization

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

\*All numerical data as of December 31, 2023

 CoStar Group

# Over 35 Years of Growth and Innovation



CoStar Group

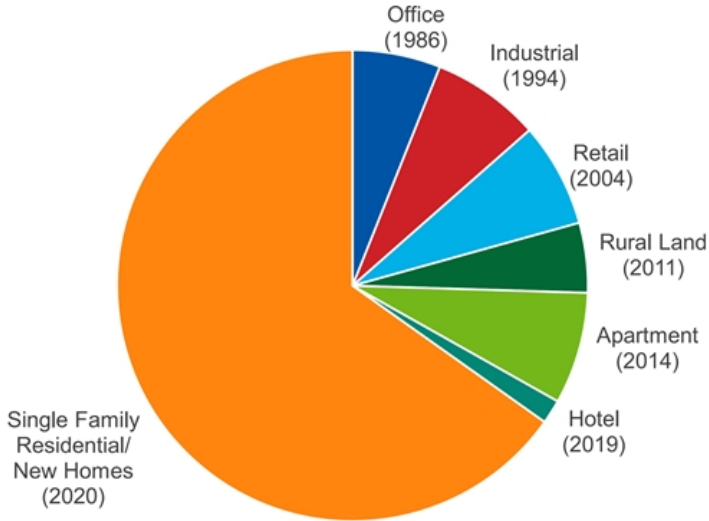
# A Global Leader in the Digital Transformation of the \$300+ Trillion Real Estate Industry

- **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:** 51 consecutive quarters of double-digit revenue growth, both organic and through acquisitions.
- **Attractive financial model:** 95% subscription revenue. 90% renewal rates\*. Strong margins, high free cash flow and a fortress balance sheet.

\*All data as of December 31, 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)

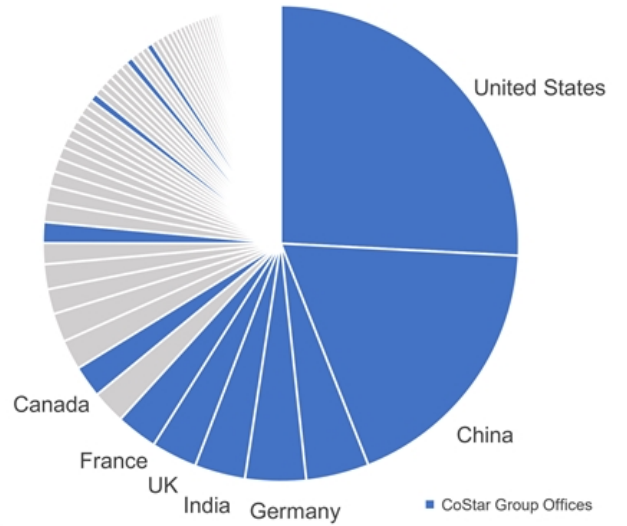


U.S. Real Estate Sources:  
 Office – CoStar estimate  
 Industrial – CoStar estimate  
 Retail – CoStar estimate  
 Rural Land – U.S. Department of Agriculture

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 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

**GLOBAL REAL ESTATE**  
**\$300 TRILLION**

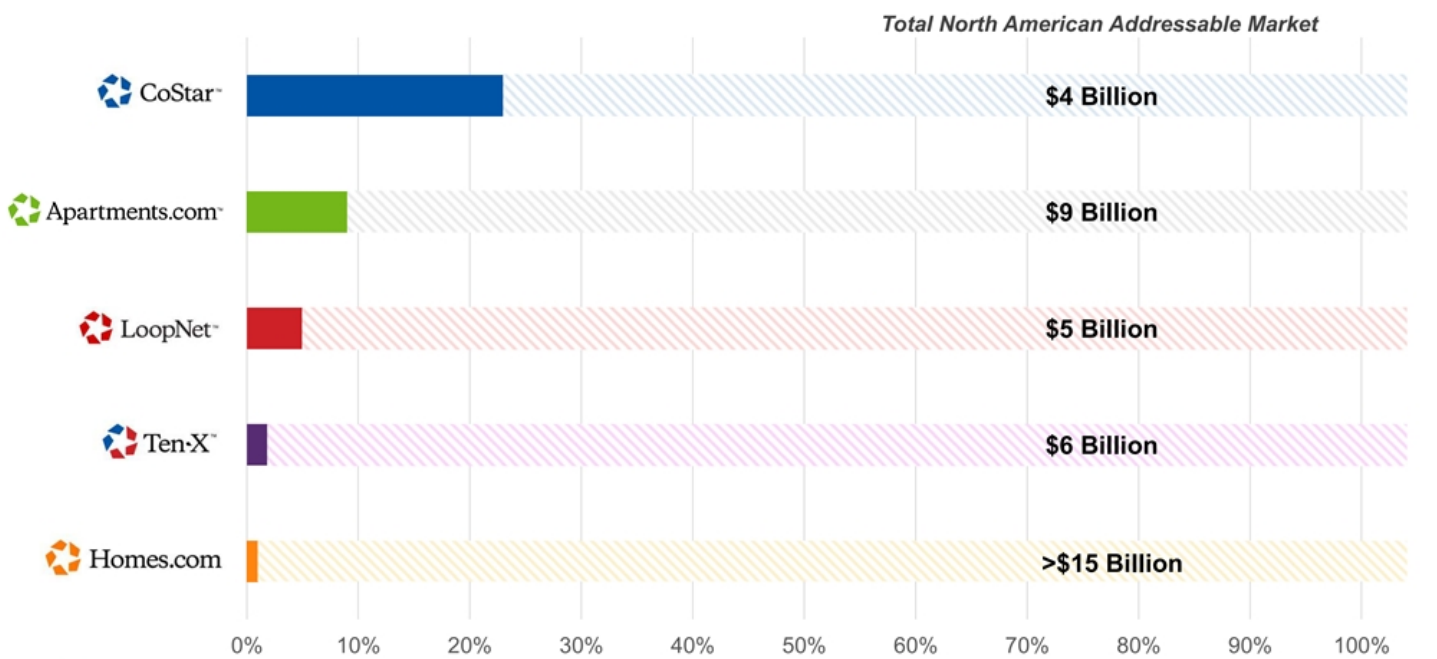


Based on 2023 Data



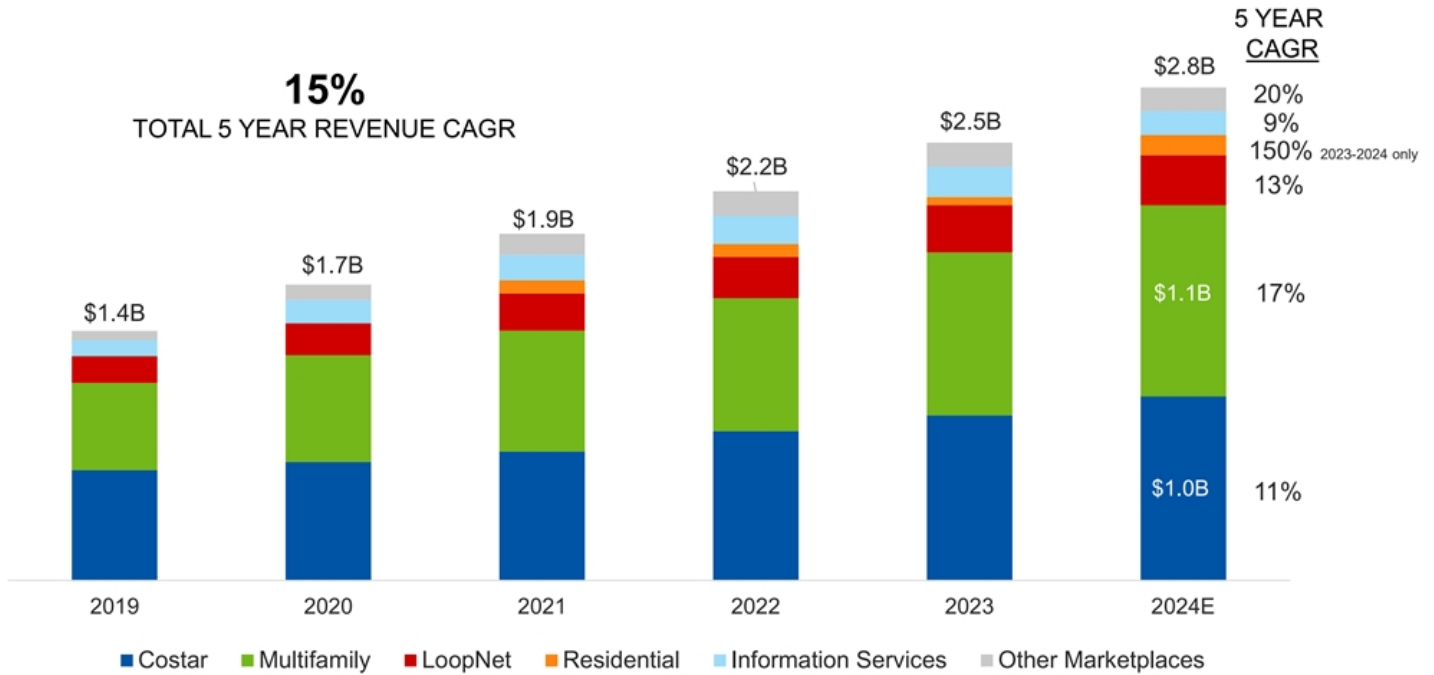


# ~\$40B North American Addressable Market, Global Market > \$100B

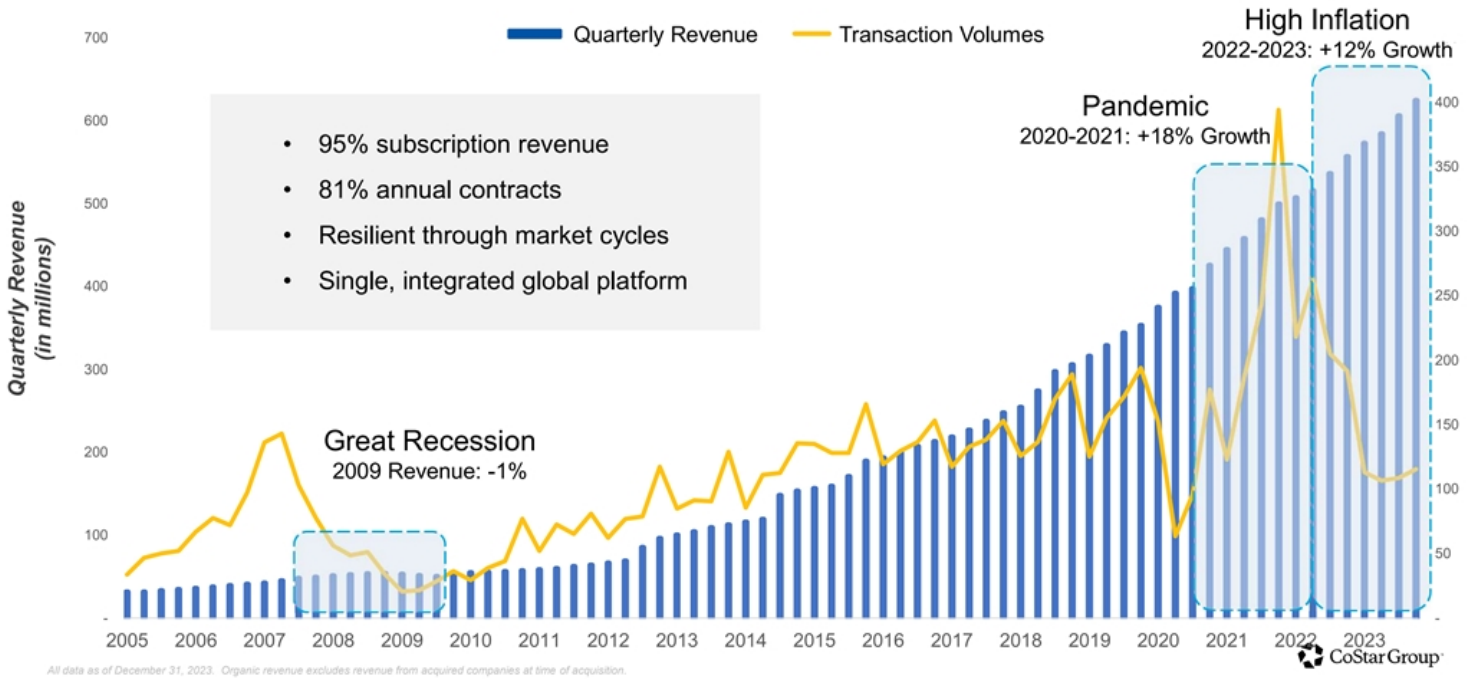


TAM Sources:  
CoStar, Apartments, LoopNet and Ten-X – CoStar estimate  
Homes.com – extrapolation of Borrell Associates "2019 Real Estate Advertisement Outlook" combined with CoStar estimate

# Strong Double-Digit Growth with Two Brands Over \$1 Billion

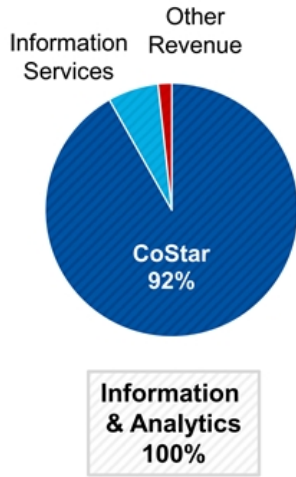


# 51 Consecutive Quarters of Double-Digit Revenue Growth Regardless of Commercial Property Transaction Volumes

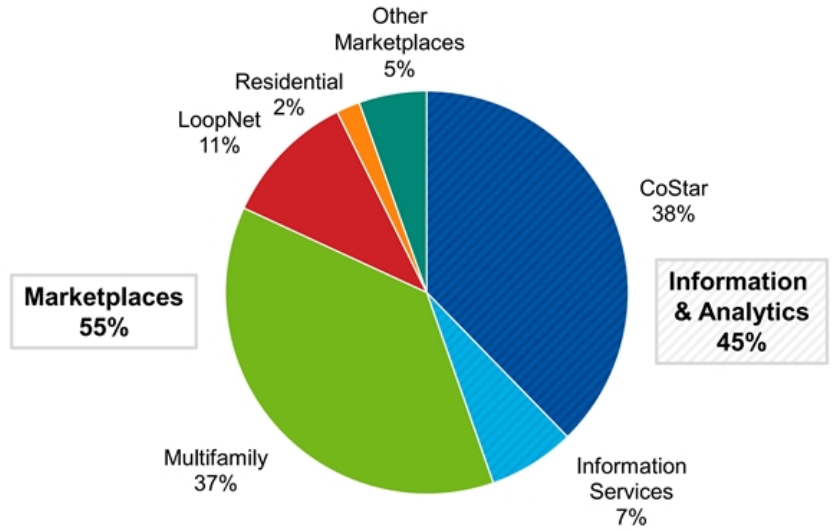


# More Diversified with More Countercyclical Business Mix Since the Great Recession

2008 REVENUE



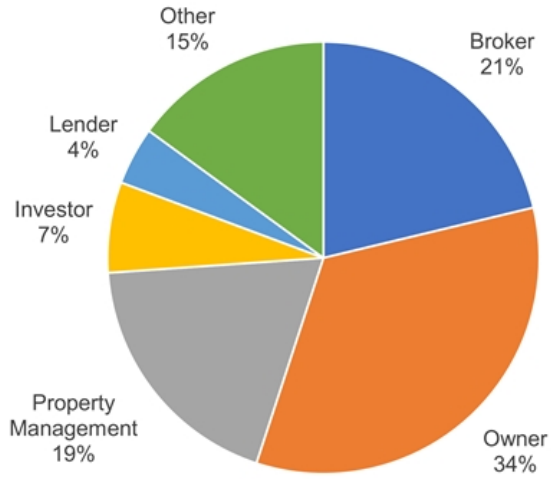
2023 REVENUE



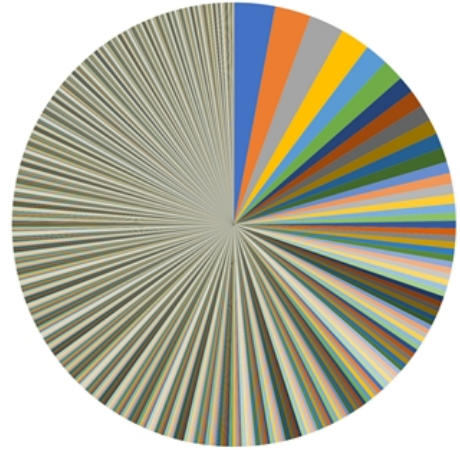
Based on internal CoStar data.

# Diversified Client Base with Minimal Concentration

REVENUE BY CLIENT SEGMENT

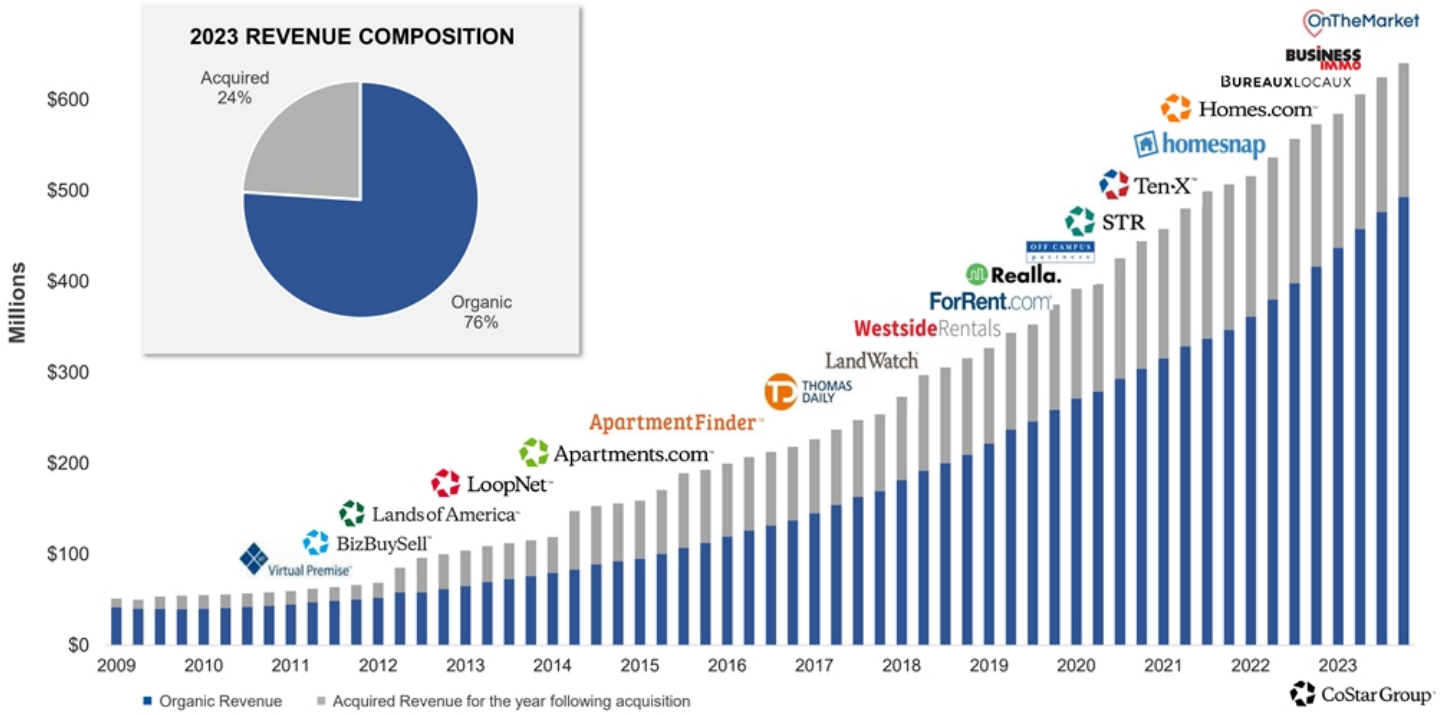


TOP 1,000 CLIENTS:  
NONE MORE THAN 2%



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

# Successful Acquisition and Integration Track Record



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# High Growth, High Margin Subscription Business Model

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## 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 81%+ annual contracts
- ✓ 95% renewal rate for clients > 5 years
- ✓ Double-digit revenue growth for 51 straight quarters

## Strong Operating Leverage

- ✓ 80%+ gross margin
- ✓ Commercial information and marketplace businesses 40% margin

## Highly Cash Generative with Strong Balance Sheet

- ✓ Net cash provided by operating activities of \$490M for 2023
- ✓ \$5.2B cash versus \$1B of debt

Note: All data as of 12/31/23.



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



## Apartments.com by the Numbers



**\$1B**

Revenue Run Rate

**23%**

Year-over-Year  
Revenue Growth

**#1**

Rank in Brand  
Awareness

**1M+**

Rental  
Availabilities

**1B**

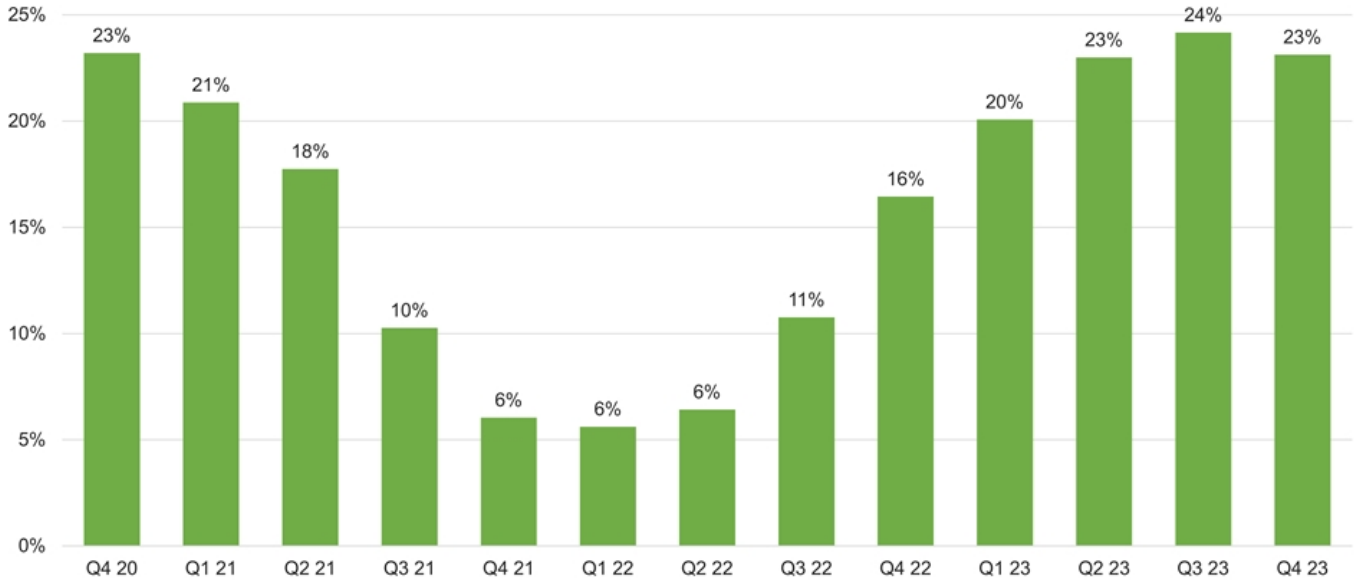
Annual Visits

**44M**

Average Monthly  
Unique Visitors

\*All data except revenue as of 12/31/23. Revenue Run Rate based on January 2024 annualized.. Traffic data from Google Analytics FY 2023.

## Multifamily Revenue Growth Fully Recovered in 2023 From the Post Pandemic Downturn



## Our Biggest Customer Count Ever!



**~71,000**  
**APARTMENT**  
**COMMUNITIES**  
now advertise on  
[Apartments.com](https://www.apartments.com)

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

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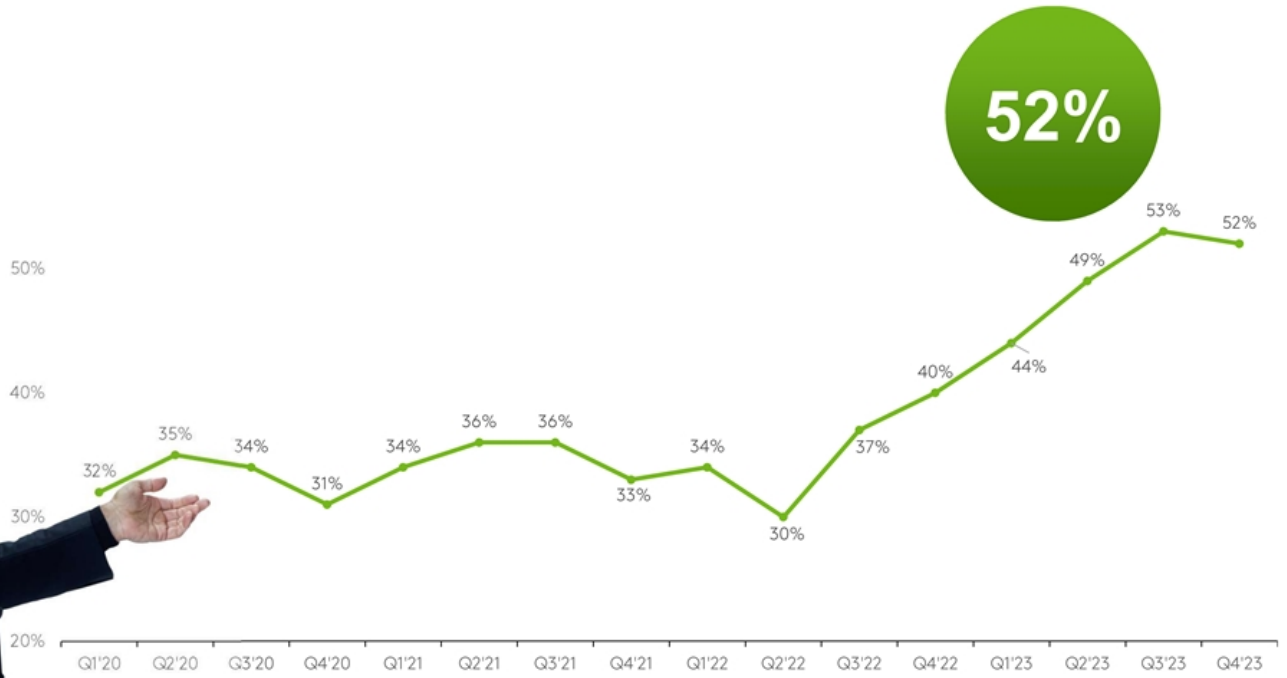
**2X**  
more time  
per visit

**2X**  
higher  
conversion

**3X**  
more  
leases

Sources: Traffic from Comscore Media Matrix, January - December 2023; Lease data from Rent Dynamics, January - September 2023

# Unaided Brand Awareness at All Time Highs



Source: Dynata a leading market research sampling provider



# Success of Apartments.com

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

## Growth Since Acquisition

	2014	2024	
<b>Industry Rank</b>	5 <sup>th</sup> place in highly fragmented online rental search industry	The leading online rental marketplace	#1
<b>Revenue</b>	\$75 million	\$1 billion revenue run rate	13X
<b>Traffic</b>	4 million average monthly unique visitors	44 million monthly unique visitors	11X
<b>Customers</b>	18,000 communities	71,000 communities	4X

## Tremendous Opportunity Ahead in the Small to Medium Property Space

Unit Range	Universe (Units)	Client Units	Annual Revenue Run Rate (\$M)	Revenue Penetration	TAM (\$M)
1-49	29M	296K	\$60M	1%	\$6B
50-99	5M	836K	\$112M	11%	\$1B
100+	24M	11M	\$793M	40%	\$2B
<b>Grand Total</b>	<b>58M</b>	<b>12M</b>	<b>\$965M</b>	<b>11%</b>	<b>\$9B</b>

**\$7B**  
opportunity



The fastest growing U.S. residential marketplace



# Our Vision

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



## Homes.com by the Numbers



**100M+**

Monthly Unique  
Visitors

**Millions**

Leads  
per Quarter

**2M+**

Residential For Sale  
and Rental Listings

**20K+**

Neighborhood  
Content

**512K**

Agents with  
1+ Listing

**1M+**

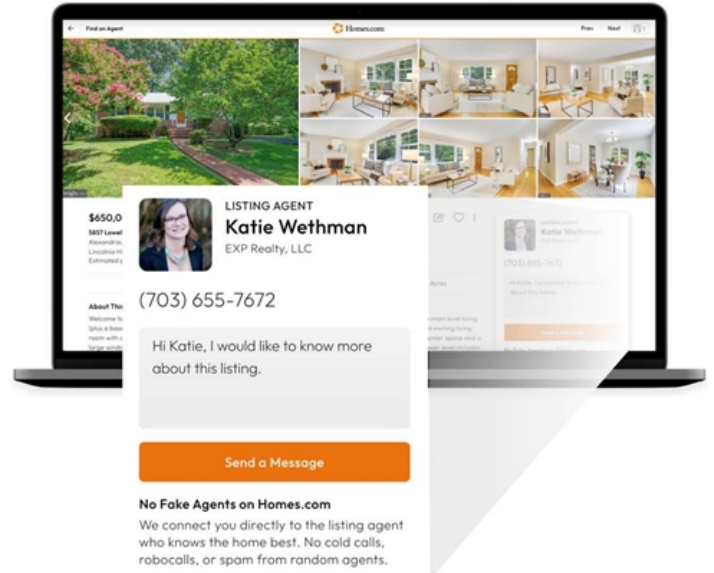
Registered Agents

\*Sources: Homes.com surpassed 100 million monthly unique visitors, according to Google Analytics for September 2023. All other based on Internal data as of February 2024.

CoStar Group

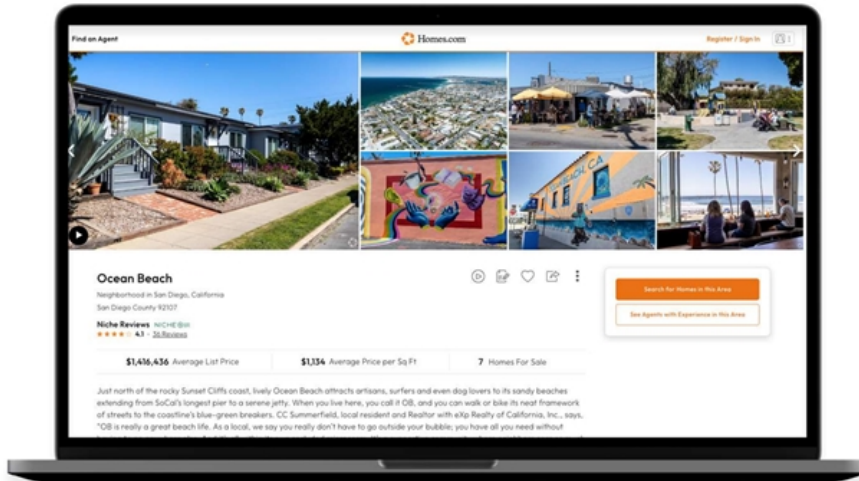
## A Better Business Model – “Your Listing, Your Lead”

- 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



# 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

# The Real Estate Portals Adhering to the Your Listing Your Lead Principal are the Most Successful



“We’ve done your home work.”



**2024 Supercharged  
Marketing Campaign**



# BIGGEST Real Estate Campaign Ever

Working on behalf of the industry to help agents sign more buyer and seller agreements, drive demand for their listings and close more transactions.

Over a  
**BILLION  
DOLLARS**  
invested

**80**  
**BILLION**  
impressions

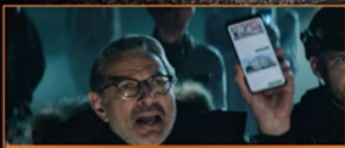
Reaching  
**90%**  
of households



# We Kicked Off The Biggest Advertising Stage In America



4 QUARTERS,  
**4 Commercials**



**Invasion**



**Launch**



**Mascot**



**Salon**



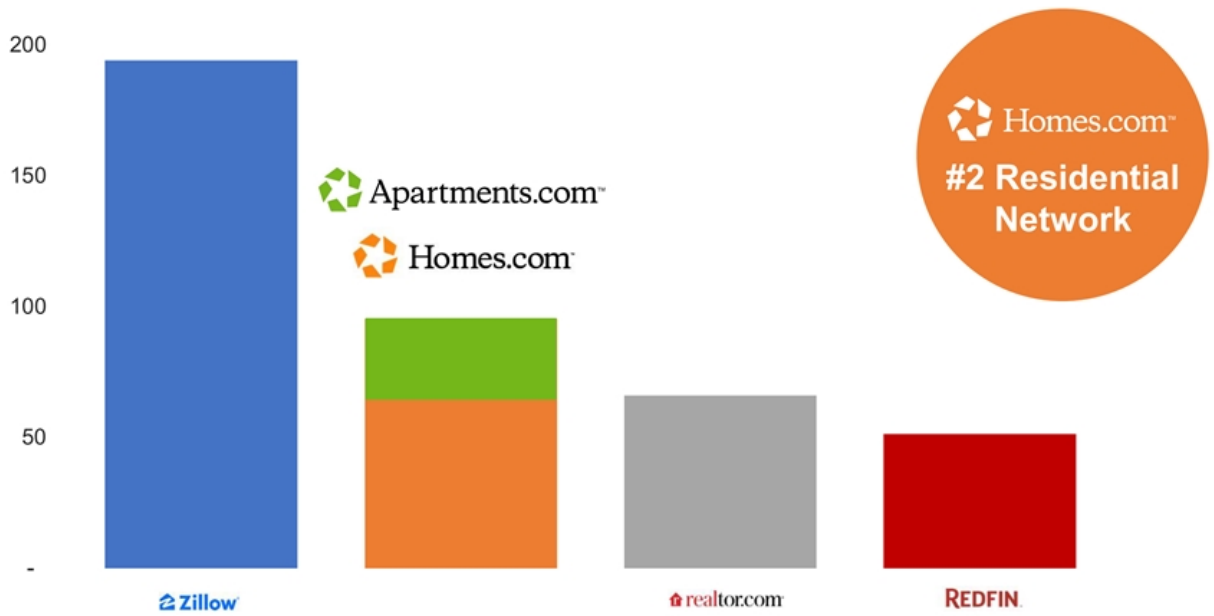


# Homes.com will be *EVERYWHERE.*

No other competitors come close to our investment to drive leads to *all agents*



## Our Residential Network Is Now the Second Most Visited Real Estate Portal...



*\*Average unique monthly users for the latest fiscal quarter ending December 31, 2023 for: (i) CoStar residential network as measured by Google Analytics; (ii) Zillow's network as reported in its Earnings Press Release filed 2/13/24; (iii) Redfin as reported in its third quarter Form 10-Q filed on November 2, 2023; and (iv) Realtor.com as reported in News Corp earnings call dated 2/7/24.\**





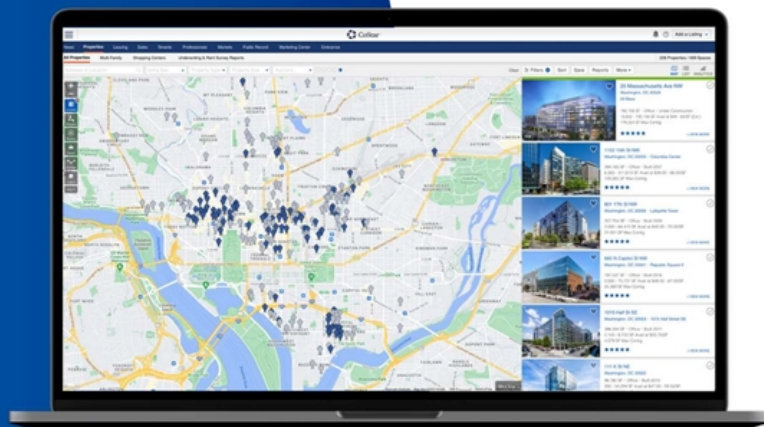
## Investing to Create the #1 Residential Portal in the UK

- ✓ Average monthly unique visitors since acquisition up 143%
- ✓ Listings up 57,000 since acquisition
- ✓ Agent advertisers up 1,000 since acquisition
- ✓ Leads have grown 81% since acquisition
- ✓ 2024 Revenue Forecast of \$40 million





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



## CoStar by the Numbers



**\$1B**  
2024  
Forecast Revenue

**193K+**  
Subscribers

**895K**  
Listings

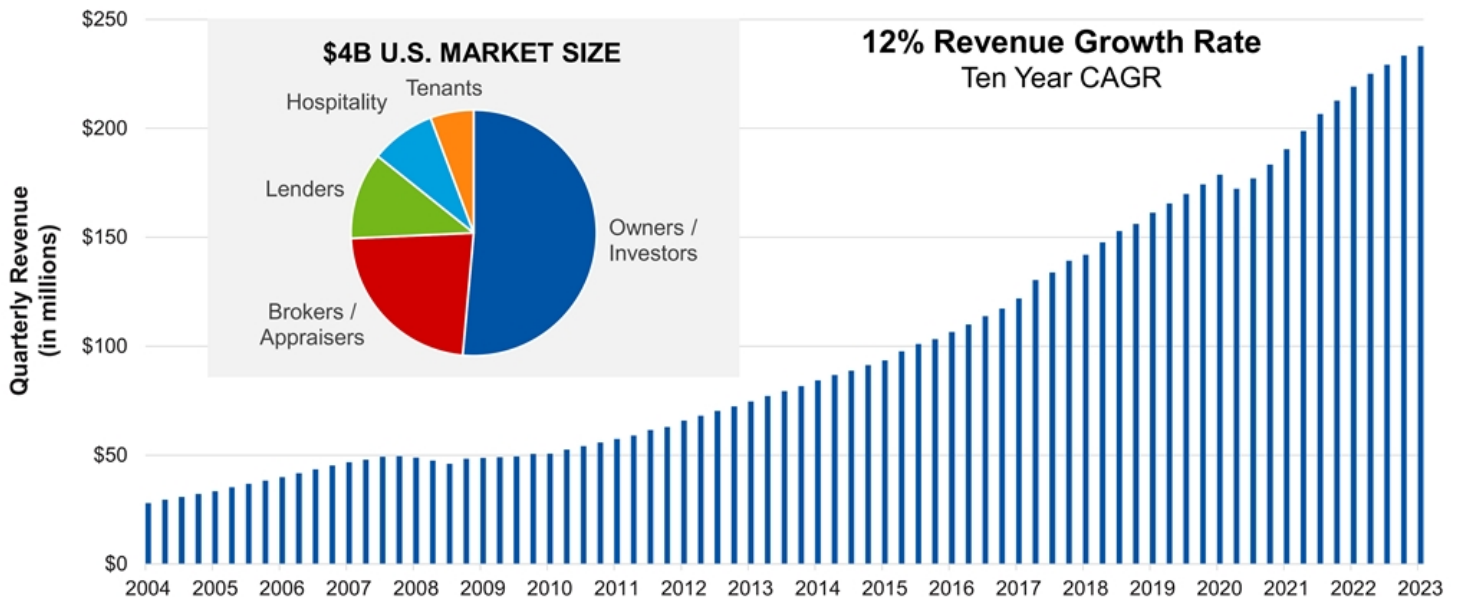
**7M**  
Commercial  
Properties

**15M**  
Lease  
Transactions

**5M**  
Sale Transactions

\* Revenue Run Rate based on December 2023 annualized. Subscriber count as of February 2024. All other data from CoStar internal database as of December 2023.

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

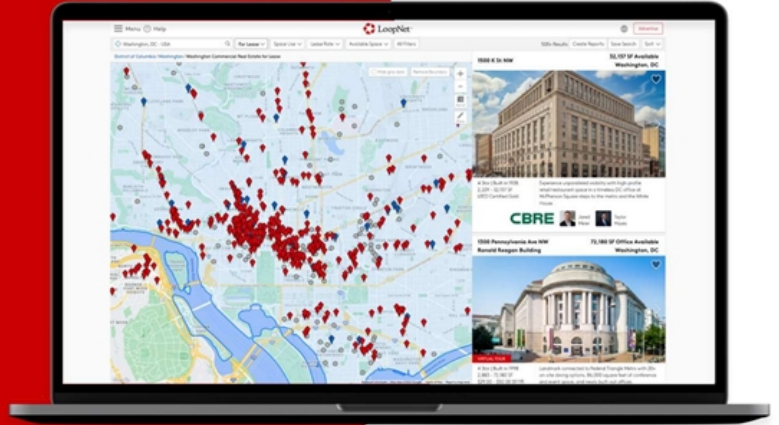


# Unparalleled Research Methodology





The #1 global commercial  
real estate marketplace





## LoopNet by the Numbers



**\$277M**

Revenue Run Rate

**16%**

5 Year Revenue  
CAGR

**14M**

Monthly Unique  
Visitors Worldwide

**~370K**

CRE Brokers &  
Owners Advertising

**18X**

#1 Google  
keywords than  
closest competitor

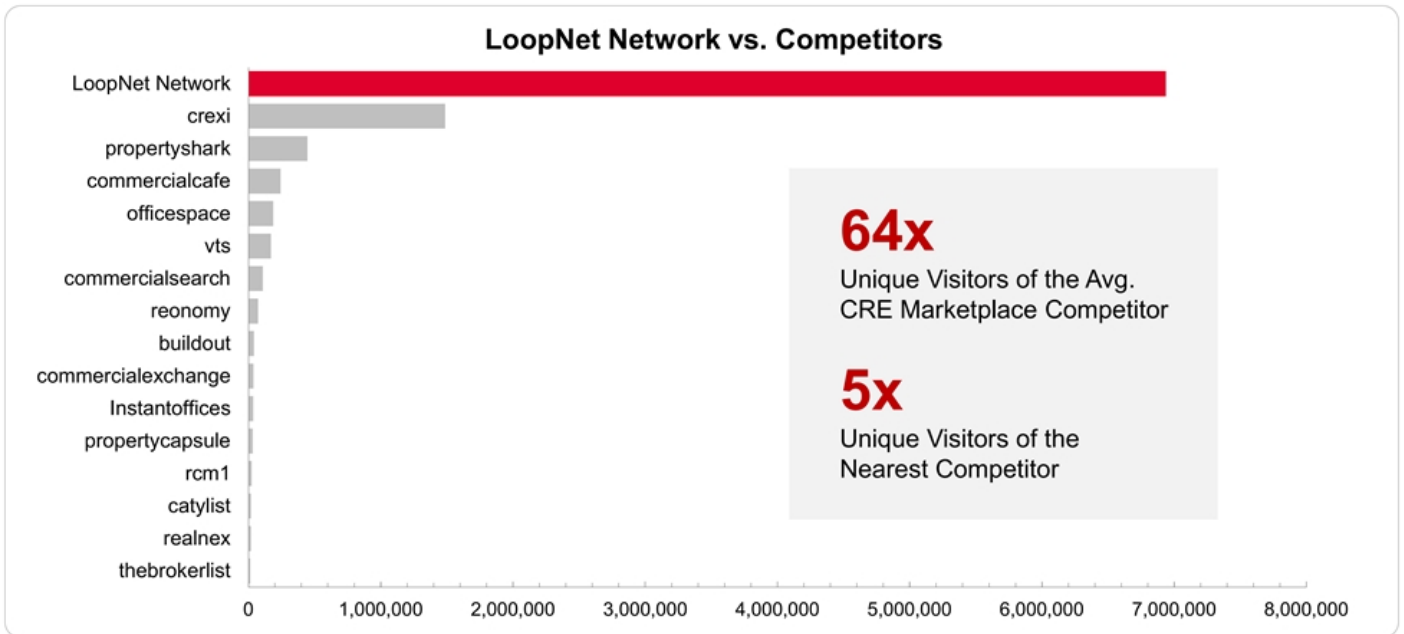
**96%**

Fortune 1000  
Companies  
Active on Site

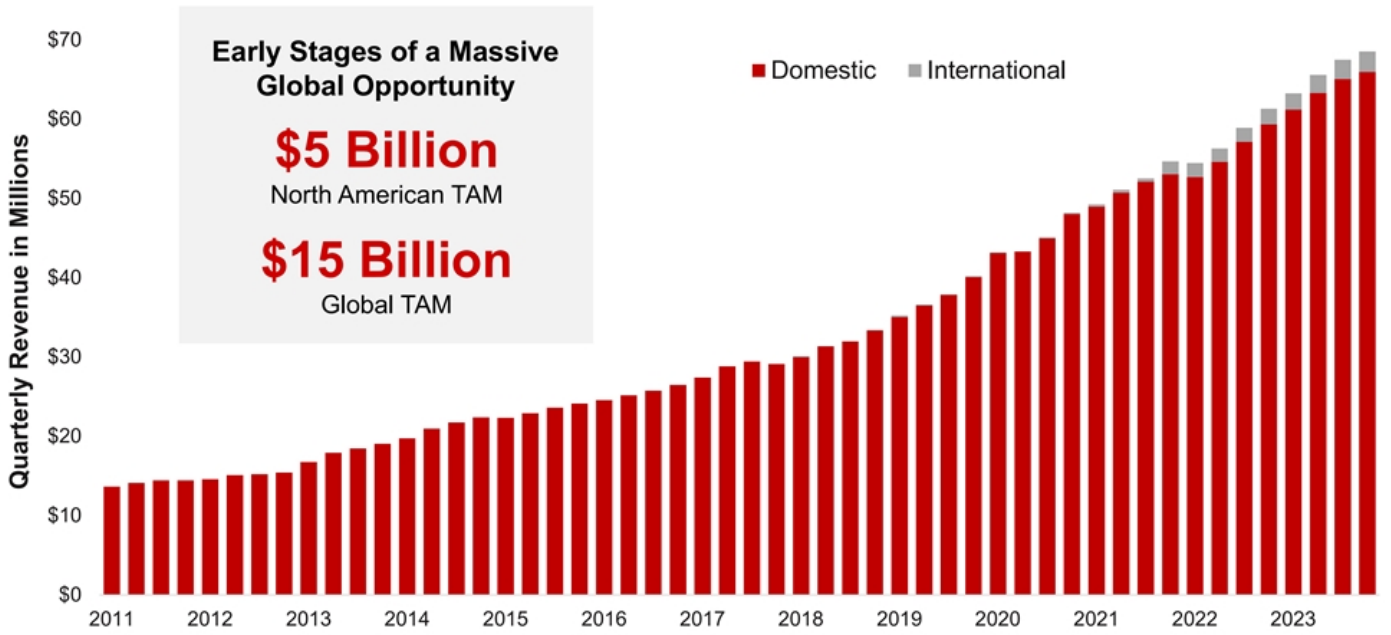
\*All data as of December 2023. Run Rate based on December 2023 annualized. Traffic data from Google Analytics.

CoStar Group

# Commanding Share of Traffic vs. Marketplace Competitors



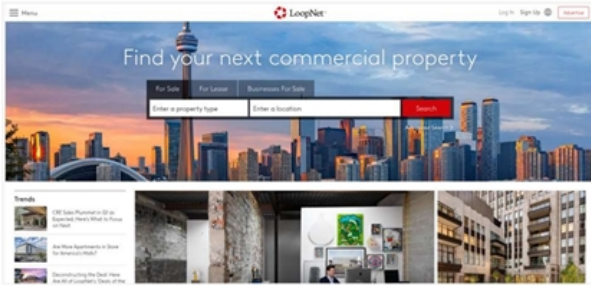
# LoopNet Revenue Up 5x Since Acquisition



# LoopNet International Expansion Underway

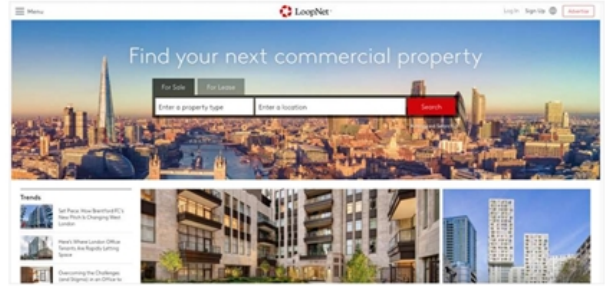
## LoopNet Canada

loopnet.ca



## LoopNet UK

loopnet.co.uk



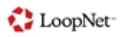
## LoopNet Spain

loopnet.es




## LoopNet France

loopnet.fr





The global leader in hospitality  
information, analytics and benchmarking

 CoStar Group

## STR by the Numbers



**17%**

YoY Subscription  
Revenue Growth

**81K**

Hotels Worldwide

**10M**

Guest Rooms

**190**

Countries

**\$300M**

Total Addressable  
Market

**98%**

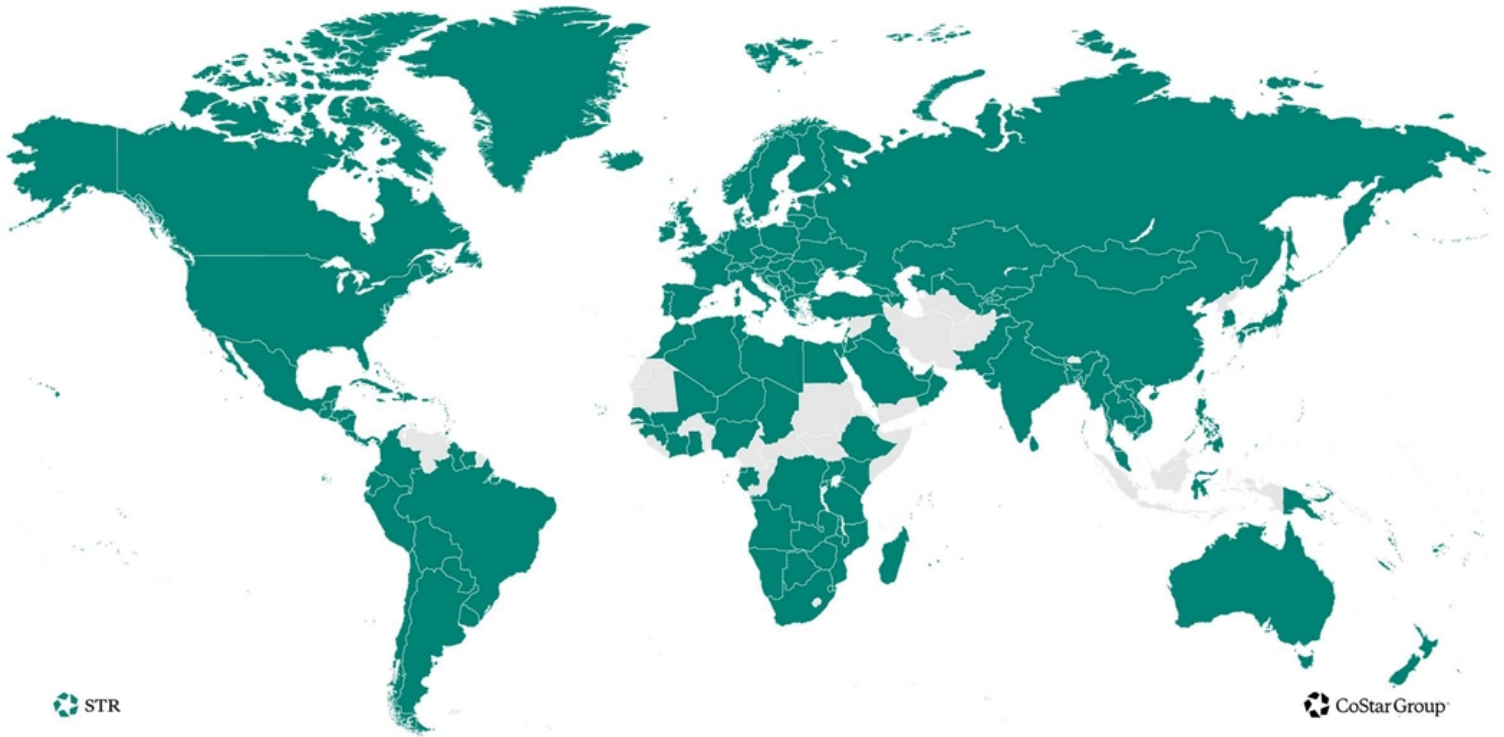
Renewal Rate

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

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## STR Data Includes 81,000+ Hotels Across 190 Countries

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# CoStar REAL ESTATE MANAGER™

The leading platform for lease accounting  
and management



## Real Estate Manager by the Numbers

**12%**

5 Year Revenue  
CAGR

**97%**

Customer  
Retention Rate



**CoStar**<sup>TM</sup>

REAL ESTATE MANAGER

**\$10B**

Monthly Lease  
Payments Managed

**625K**

Real Estate  
Leases

**33K**

System Users

Revenue CAGR 2019-2023. Retention Rate for fourth quarter 2023. All other data from internal database as of December 2023.

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# 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

**92%**

Properties Sold in  
90 Days or Less

**58%**

Trade Rate  
Since 2020

**94%**

Close Rate

**85%**

Non-Distressed  
Assets



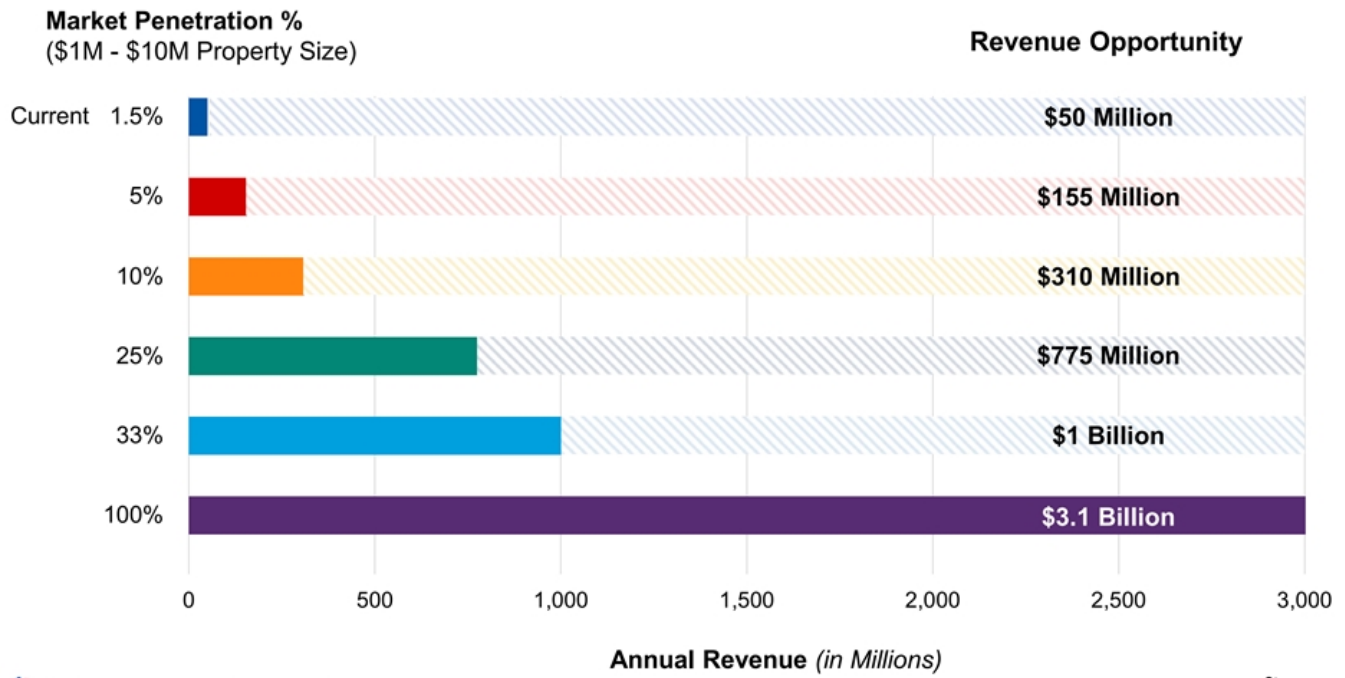
Assets sold since inception in 2009. Trade rate since acquisition in 2020. Close rate, time to close and non-distressed assets sold are for the full year of 2023.

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



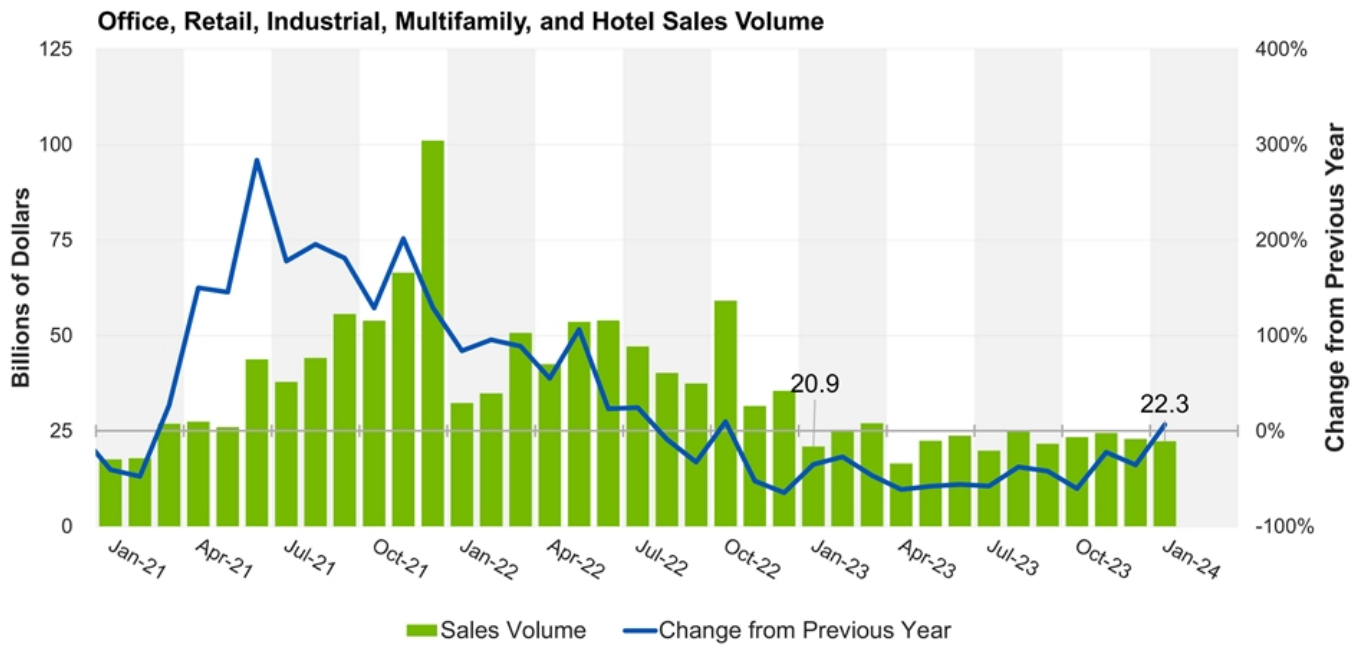
# Ten-X Revenue Opportunity is >\$3 Billion at Current Transaction Levels



Revenue opportunity based on CoStar estimates.



# Commercial Property Sales Transaction Volumes Up 6.4% Year-Over-Year in January; First Year over Year Gain in 14 Months





The largest rural real estate  
marketplace in the country



## Land.com by the Numbers

**15%**

5 Year Revenue  
CAGR

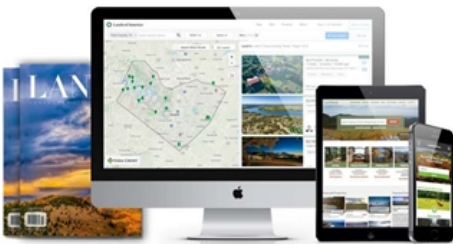
**10M**

Average Monthly  
Visitors



**8K+**

Paid Clients



**450K**

Land Sale Comps  
in Database

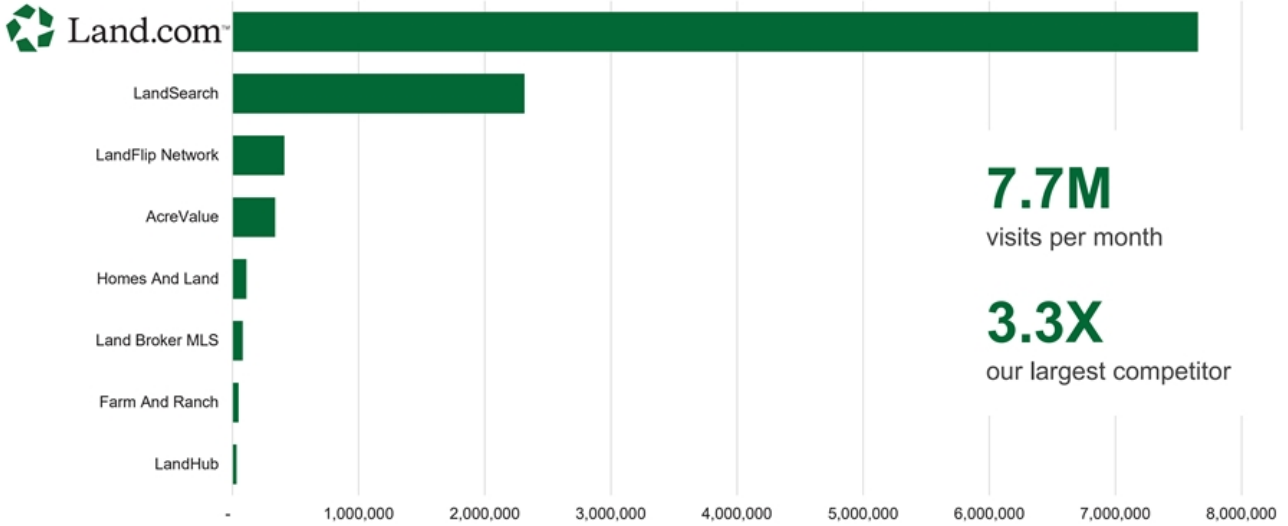
**50K**

Paid Listings

\*CAGR 2018-2023. Traffic data from Google Analytics for Q4 23. Paid listing and client data from internal database as of 12/31/23.

 CoStar Group

# Land.com Leads All Competitors in Traffic Share



Source: SimilarWeb, Monthly Visits, December 2023



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

# BizBuySell by the Numbers



**10%**  
5 Year Revenue  
CAGR

**38M**  
Annual Visits

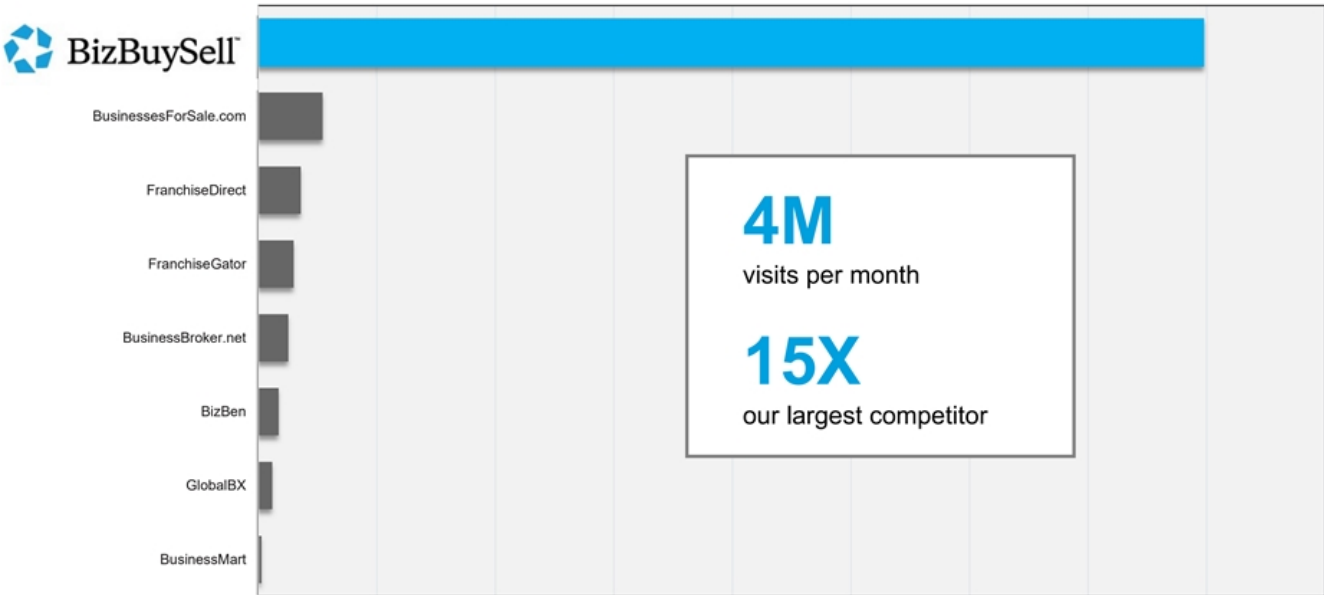
**2.8M**  
Annual  
Leads Delivered

**120K**  
Annual  
Paid Listings

**150K**  
Sold Business  
Comps in Database

\*CAGR based on 12/31/23. Traffic data for 2023 from Google Analytics. Listing, Lead and Comp data from internal database as of 12/31/23.

# Our Network Has More Traffic Than All Competitors Combined





# Appendix



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## 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" or "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 - Unaudited

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 millions) except per share amounts	For the Year Ended December 31,		For the Three Months Ended		December 31, 2023	For the Year Ended December 31, 2023
	Low 2024 <sup>(1)</sup>	High 2024 <sup>(1)</sup>	January 31, 2024 - Low <sup>(1)</sup>	January 31, 2024 - High <sup>(1)</sup>		
Net income	\$ 115.0	\$ 129.0	\$ (5.0)	\$ (2.0)	\$ 96.4	\$ 374.7
Income tax (benefit) expense	40.0	46.0	(2.0)	(1.0)	36.3	126.6
Income before income taxes	155.0	175.0	(7.0)	(3.0)	132.7	501.3
Amortization of acquired intangible assets	59.0	59.0	18.0	18.0	19.3	73.7
Stock-based compensation expense	99.0	99.0	24.0	24.0	21.2	85.0
Acquisition and integration related costs	-	-	-	-	10.7	12.9
Restructuring and related costs	-	-	-	-	0.2	4.1
Settlements and impairments	-	-	-	-	-	(0.1)
Other income (expense), net	-	-	-	-	(3.8)	(3.8)
Non-GAAP income before income taxes	313.0	333.0	35.0	39.0	180.3	673.0
Assumed rate for income tax expense <sup>(2)</sup>	26%	26%	26%	26%	26%	26%
Assumed provision for income tax expense	(81.0)	(87.0)	(9.0)	(10.0)	(46.9)	(175.0)
Non-GAAP net income	\$ 232.0	\$ 246.0	\$ 26.0	\$ 29.0	\$ 133.4	\$ 498.0
Net income per share - diluted	\$ 0.28	\$ 0.32	\$ (0.01)	\$ -	\$ 0.24	\$ 0.92
Non-GAAP net income per share - diluted	\$ 0.57	\$ 0.60	\$ 0.06	\$ 0.07	\$ 0.33	\$ 1.22
Weighted average outstanding shares - diluted	409.4	409.4	409.0	409.0	407.5	406.9

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



## Reconciliation of Net Income to Adjusted EBITDA - Unaudited

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 millions)	For the Year Ending December 31,				For the Three	For the Three	For the Three
	2013	2023	Low 2024 <sup>(1)</sup>	High 2024 <sup>(1)</sup>	Months Ended January 31, 2024 - Low <sup>(1)</sup>	Months Ended January 31, 2024 - High <sup>(1)</sup>	Months Ended December 31, 2023
Net income	\$ 29.7	\$ 374.7	\$ 115.0	\$ 129.0	\$ (5.0)	\$ (2.0)	\$ 96.4
Amortization of acquired intangible assets	27.1	73.7	59.0	59.0	18.0	18.0	19.3
Depreciation and other amortization	13.0	33.8	53.0	53.0	12.0	12.0	9.4
Interest income, net	6.6	(213.6)	(198.0)	(198.0)	(56.0)	(56.0)	(59.7)
Other (income) expense, net	-	(5.4)	2.0	2.0	(3.0)	(3.0)	(3.7)
Income tax (benefit) expense	17.8	126.6	40.0	45.0	(2.0)	(1.0)	36.3
EBITDA	94.2	389.8	71.0	90.0	(36.0)	(32.0)	98.0
Stock-based compensation expense	41.5	85.0	99.0	99.0	24.0	24.0	21.2
Acquisition and integration related costs	0.6	12.9	-	-	-	-	10.7
Restructuring and related costs	0.4	4.1	-	-	-	-	0.2
Settlements and impairments	-	(0.1)	-	-	-	-	-
Adjusted EBITDA	\$ 136.7	\$ 491.7	\$ 170.0	\$ 190.0	\$ (12.0)	\$ (8.0)	\$ 130.1

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

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# Use of Operating Metrics and Other Definitions

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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.

## Other Definitions

References to "commercial information and marketplace businesses" refer to our consolidated financial position and results excluding the impact of our Residential brands, which are Homes.com and OnTheMarket, plc.

Our "Residential Network" consists of the following list of brands: Apartments.com, ApartmentFinder, FinderSites, ApartmentHomeLiving, WestSideRentals, ForRent, After55, CorporateHousing, ForRentUniversity, Move.com (ending in December 2022), Cozy.com, Off Campus Partners, Homes.com, Homesnap, CitySnap, and OnTheMarket,plc (beginning in January 2024).