

# ZILLOW, INC. OPERATING METRICS (UNAUDITED)



|   | 2011            |                 |                 |                 | 2012            |                 |                 |                 | 2013            |                 |                 |                 | 2014            |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              | 2Q              | 3Q              |
| <b>B2C (in thousands)</b>                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Average monthly unique users                                  | 17,306          | 20,758          | 24,238          | 23,507          | 31,797          | 33,474          | 36,096          | 34,535          | 46,652          | 54,317          | 61,118          | 54,358          | 70,668          | 81,108          | 85,979          |
| Y/Y % change  | 86%             | 93%             | 101%            | 86%             | 84%             | 61%             | 49%             | 47%             | 47%             | 62%             | 69%             | 57%             | 51%             | 49%             | 41%             |
| Q/Q % change  | 37%             | 20%             | 17%             | -3%             | 35%             | 5%              | 8%              | -4%             | 35%             | 16%             | 13%             | -11%            | 30%             | 15%             | 6%              |
| User-generated content <sup>1</sup> additions (during period) | 783             | 777             | 810             | 620             | 935             | 1,368           | 1,606           | 2,293           | 2,364           | 3,352           | 4,032           | 4,585           | 5,019           | 6,058           | 6,543           |
| Y/Y % change  | 15%             | 12%             | 15%             | 6%              | 19%             | 76%             | 98%             | 270%            | 153%            | 145%            | 151%            | 100%            | 112%            | 81%             | 62%             |
| Q/Q % change  | 34%             | -1%             | 4%              | -23%            | 51%             | 46%             | 17%             | 43%             | 3%              | 42%             | 20%             | 14%             | 9%              | 21%             | 8%              |
| Cumulative user-generated content (at end of period)          | 15,529          | 16,307          | 17,117          | 17,737          | 18,672          | 20,040          | 21,647          | 23,940          | 26,304          | 29,656          | 33,688          | 38,273          | 43,292          | 49,350          | 55,893          |
| Y/Y % change  | 22%             | 21%             | 21%             | 20%             | 20%             | 23%             | 26%             | 35%             | 41%             | 48%             | 56%             | 60%             | 65%             | 66%             | 66%             |
| Q/Q % change  | 5%              | 5%              | 5%              | 4%              | 5%              | 7%              | 8%              | 11%             | 10%             | 13%             | 14%             | 14%             | 13%             | 14%             | 13%             |
| Consumer loan requests (during period)                        | 984             | 1,218           | 1,673           | 1,667           | 2,609           | 2,876           | 3,155           | 3,197           | 4,523           | 5,330           | 5,921           | 4,447           | 5,874           | 5,467           | 7,009           |
| Y/Y % change  | 573%            | 451%            | 116%            | 142%            | 165%            | 136%            | 89%             | 92%             | 73%             | 85%             | 88%             | 39%             | 30%             | 3%              | 18%             |
| Q/Q % change  | 43%             | 24%             | 37%             | 0%              | 56%             | 10%             | 10%             | 1%              | 41%             | 18%             | 11%             | -25%            | 32%             | -7%             | 28%             |
| <b>B2B</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Premier agent advertisers (at end of period)                  | 10,710          | 13,385          | 14,876          | 15,799          | 18,616          | 22,696          | 26,703          | 29,473          | 34,030          | 38,807          | 44,749          | 48,314          | 52,968          | 56,818          | 60,877          |
| Y/Y % change  | 212%            | 180%            | 131%            | 95%             | 74%             | 70%             | 80%             | 87%             | 83%             | 71%             | 68%             | 64%             | 56%             | 46%             | 36%             |
| Y/Y net subscriber additions                                  | 7,272           | 8,608           | 8,428           | 7,697           | 7,906           | 9,311           | 11,827          | 13,674          | 15,414          | 16,111          | 18,046          | 18,841          | 18,938          | 18,011          | 16,128          |
| Q/Q % change  | 32%             | 25%             | 11%             | 6%              | 18%             | 22%             | 18%             | 10%             | 15%             | 14%             | 15%             | 8%              | 10%             | 7%              | 7%              |
| Q/Q net subscriber additions                                  | 2,608           | 2,675           | 1,491           | 923             | 2,817           | 4,080           | 4,007           | 2,770           | 4,557           | 4,777           | 5,942           | 3,565           | 4,654           | 3,850           | 4,059           |
| Average monthly revenue per agent (ARPA)                      | \$ 206          | \$ 233          | \$ 242          | \$ 258          | \$ 263          | \$ 263          | \$ 270          | \$ 267          | \$ 259          | \$ 266          | \$ 264          | \$ 271          | \$ 286          | \$ 320          | \$ 349          |
| Y/Y % change  |                 |                 |                 |                 | 28%             | 13%             | 12%             | 3%              | -2%             | 1%              | -2%             | 1%              | 10%             | 20%             | 32%             |
| Q/Q % change  |                 | 13%             | 4%              | 7%              | 2%              | 0%              | 3%              | -1%             | -3%             | 3%              | -1%             | 3%              | 6%              | 12%             | 9%              |
| <b>Revenue (in thousands)</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Marketplace revenue   | \$6,881         | \$9,723         | \$11,840        | \$13,746        | \$16,593        | \$19,623        | \$23,616        | \$26,838        | \$31,018        | \$36,451        | \$40,996        | \$46,248        | \$53,724        | \$62,616        | \$72,692        |
| Y/Y % change  | 271%            | 269%            | 226%            | 169%            | 141%            | 102%            | 99%             | 95%             | 87%             | 86%             | 74%             | 72%             | 73%             | 72%             | 77%             |
| Q/Q % change  | 35%             | 41%             | 22%             | 16%             | 21%             | 18%             | 20%             | 14%             | 16%             | 18%             | 12%             | 13%             | 16%             | 17%             | 16%             |
| % of total revenue  | 61%             | 61%             | 62%             | 69%             | 73%             | 71%             | 74%             | 78%             | 80%             | 78%             | 77%             | 79%             | 81%             | 80%             | 82%             |
| Display revenue   | 4,379           | 6,122           | 7,217           | 6,145           | 6,240           | 8,142           | 8,299           | 7,499           | 7,948           | 10,469          | 12,315          | 12,100          | 12,519          | 16,059          | 15,954          |
| Y/Y % change  | 26%             | 30%             | 57%             | 38%             | 42%             | 33%             | 15%             | 22%             | 27%             | 29%             | 48%             | 61%             | 58%             | 53%             | 30%             |
| Q/Q % change  | -2%             | 40%             | 18%             | -15%            | 2%              | 30%             | 2%              | -10%            | 6%              | 32%             | 18%             | -2%             | 3%              | 28%             | -1%             |
| % of total revenue  | 39%             | 39%             | 38%             | 31%             | 27%             | 29%             | 26%             | 22%             | 20%             | 22%             | 23%             | 21%             | 19%             | 20%             | 18%             |
| <b>Total</b>  | <b>\$11,260</b> | <b>\$15,845</b> | <b>\$19,057</b> | <b>\$19,891</b> | <b>\$22,833</b> | <b>\$27,765</b> | <b>\$31,915</b> | <b>\$34,337</b> | <b>\$38,966</b> | <b>\$46,920</b> | <b>\$53,311</b> | <b>\$58,348</b> | <b>\$66,243</b> | <b>\$78,675</b> | <b>\$88,646</b> |
| Y/Y % change  | 111%            | 116%            | 132%            | 108%            | 103%            | 75%             | 67%             | 73%             | 71%             | 69%             | 67%             | 70%             | 70%             | 68%             | 66%             |
| Q/Q % change  | 18%             | 41%             | 20%             | 4%              | 15%             | 22%             | 15%             | 8%              | 13%             | 20%             | 14%             | 9%              | 14%             | 19%             | 13%             |

<sup>1</sup> User-generated content is defined as any content contributed by a user through Zillow, Inc.'s mobile apps or websites, including images, home edits, comments, reviews, ratings, past transactions data, and Digs boards, among other contributions.

# ZILLOW, INC. OPERATING METRICS (UNAUDITED)



|  | 2011           |                |                |                | 2012           |                |                |                | 2013           |                |                |                 | 2014           |                |                 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
|  | 1Q             | 2Q             | 3Q             | 4Q             | 1Q             | 2Q             | 3Q             | 4Q             | 1Q             | 2Q             | 3Q             | 4Q              | 1Q             | 2Q             | 3Q              |
| <b>Adjusted EBITDA<sup>1</sup> reconciliation (in thousands)</b>                     |                |                |                |                |                |                |                |                |                |                |                |                 |                |                |                 |
| Net income (loss)  | (\$826)        | \$1,576        | (\$570)        | \$922          | \$1,724        | \$1,332        | \$2,334        | \$549          | (\$3,747)      | (\$10,232)     | (\$1,189)      | \$2,715         | (\$6,259)      | (\$10,477)     | (\$15,977)      |
| % of revenue   | -7%            | 10%            | -3%            | 5%             | 8%             | 5%             | 7%             | 2%             | -10%           | -22%           | -2%            | 5%              | -9%            | -13%           | -18%            |
| Other income   | (39)           | (5)            | (36)           | (25)           | (31)           | (34)           | (39)           | (38)           | (55)           | (115)          | (70)           | (145)           | (219)          | (284)          | (265)           |
| Depreciation and amortization expense  | 1,526          | 1,868          | 2,035          | 1,761          | 2,336          | 2,749          | 3,617          | 4,071          | 4,779          | 5,155          | 5,877          | 7,443           | 8,074          | 8,596          | 9,039           |
| % of revenue   | 14%            | 12%            | 11%            | 9%             | 10%            | 10%            | 11%            | 12%            | 12%            | 11%            | 11%            | 13%             | 12%            | 11%            | 10%             |
| Share-based compensation expense   | 390            | 413            | 488            | 654            | 1,418          | 1,225          | 1,712          | 2,256          | 4,146          | 10,467         | 3,768          | 5,055           | 7,132          | 8,410          | 8,634           |
| % of revenue   | 3%             | 3%             | 3%             | 3%             | 6%             | 4%             | 5%             | 7%             | 11%            | 22%            | 7%             | 9%              | 11%            | 11%            | 10%             |
| Acquisition-related costs  | 57             | -              | -              | 288            | -              | 716            | -              | 551            | -              | -              | 201            | 175             | -              | 184            | 13,200          |
| Income tax (benefit) / expense   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | (4,265)        | 154             | -              | -              | -               |
| Facility exit charge   | -              | -              | 1,737          | -              | -              | -              | -              | -              | -              | -              | -              | -               | -              | -              | -               |
| <b>Adjusted EBITDA</b>   | <b>\$1,108</b> | <b>\$3,852</b> | <b>\$3,654</b> | <b>\$3,600</b> | <b>\$5,447</b> | <b>\$5,988</b> | <b>\$7,624</b> | <b>\$7,389</b> | <b>\$5,123</b> | <b>\$5,275</b> | <b>\$4,322</b> | <b>\$15,397</b> | <b>\$8,728</b> | <b>\$6,429</b> | <b>\$14,631</b> |
| % of revenue   | 10%            | 24%            | 19%            | 18%            | 24%            | 22%            | 24%            | 22%            | 13%            | 11%            | 8%             | 26%             | 13%            | 8%             | 17%             |
| <b>Non-GAAP EPS<sup>2</sup> reconciliation (in thousands, except per share data)</b> |                |                |                |                |                |                |                |                |                |                |                |                 |                |                |                 |
| Net income (loss), as reported   | (\$826)        | \$1,576        | (\$570)        | \$922          | \$1,724        | \$1,332        | \$2,334        | \$549          | (\$3,747)      | (\$10,232)     | (\$1,189)      | \$2,715         | (\$6,259)      | (\$10,477)     | (\$15,977)      |
| Share-based compensation expense   | 390            | 413            | 488            | 654            | 1,418          | 1,225          | 1,712          | 2,256          | 4,146          | 10,467         | 3,768          | 5,055           | 7,132          | 8,410          | 8,634           |
| Acquisition-related costs  | 57             | -              | -              | 288            | -              | 716            | -              | 551            | -              | -              | 201            | 175             | -              | 184            | 13,200          |
| Income tax (benefit) / expense   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | (4,265)        | 154             | -              | -              | -               |
| Facility exit charge   | -              | -              | 1,737          | -              | -              | -              | -              | -              | -              | -              | -              | -               | -              | -              | -               |
| Net income (loss), adjusted  | (\$379)        | \$1,989        | \$1,655        | \$1,864        | \$3,142        | \$3,273        | \$4,046        | \$3,356        | \$399          | \$235          | (\$1,485)      | \$8,099         | \$873          | (\$1,883)      | \$5,857         |
| Non-GAAP net income (loss) per share - basic   | (\$0.03)       | \$0.14         | \$0.07         | \$0.07         | \$0.11         | \$0.11         | \$0.13         | \$0.10         | \$0.01         | \$0.01         | (\$0.04)       | \$0.21          | \$0.02         | (\$0.05)       | \$0.15          |
| Non-GAAP net income (loss) per share - diluted                                       | (\$0.03)       | \$0.08         | \$0.06         | \$0.06         | \$0.10         | \$0.10         | \$0.13         | \$0.09         | \$0.01         | \$0.01         | (\$0.04)       | \$0.19          | \$0.02         | (\$0.05)       | \$0.13          |
| Basic shares for non-GAAP EPS  | 13,347         | 13,940         | 24,020         | 27,748         | 28,348         | 28,946         | 30,040         | 33,408         | 33,770         | 34,553         | 36,667         | 39,050          | 39,322         | 39,800         | 40,296          |
| Diluted shares for non-GAAP EPS <sup>3</sup>   | 13,347         | 24,106         | 28,388         | 30,592         | 30,994         | 31,320         | 32,230         | 36,292         | 36,756         | 37,633         | 36,667         | 42,116          | 42,378         | 39,800         | 43,539          |
| <b>Other (in thousands)</b>  |                |                |                |                |                |                |                |                |                |                |                |                 |                |                |                 |
| Total cash and cash equivalents and investments                                      | \$15,554       | \$16,161       | \$95,813       | \$92,136       | \$98,310       | \$69,602       | \$228,882      | \$203,483      | \$204,131      | \$208,058      | \$424,574      | \$437,726       | \$447,363      | \$457,872      | \$458,450       |
| Cash, cash equivalents, and investments per basic share                              | \$1.17         | \$1.16         | \$3.99         | \$3.32         | \$3.47         | \$2.40         | \$7.62         | \$6.09         | \$6.04         | \$6.02         | \$11.58        | \$11.21         | \$11.38        | \$11.50        | \$11.38         |
| Net cash provided by operating activities  | \$3,484        | \$4,852        | \$5,683        | \$807          | \$6,498        | \$10,566       | \$5,436        | \$13,112       | \$2,289        | \$6,257        | \$3,990        | \$18,762        | \$14,205       | \$14,670       | \$4,482         |
| % of revenue   | 31%            | 31%            | 30%            | 4%             | 28%            | 38%            | 17%            | 38%            | 6%             | 13%            | 7%             | 32%             | 21%            | 19%            | 5%              |
| Capital expenditures   | \$1,236        | \$1,999        | \$4,225        | \$226          | \$2,525        | \$3,373        | \$3,754        | \$6,339        | \$5,944        | \$5,052        | \$5,438        | \$5,613         | \$7,872        | \$7,501        | \$8,906         |
| % of revenue   | 11%            | 13%            | 22%            | 1%             | 11%            | 12%            | 12%            | 18%            | 15%            | 11%            | 10%            | 10%             | 12%            | 10%            | 10%             |
| Deferred revenue   | \$4,762        | \$5,647        | \$5,734        | \$5,769        | \$6,533        | \$8,699        | \$8,720        | \$8,349        | \$7,779        | \$9,308        | \$10,893       | \$12,298        | \$12,140       | \$14,037       | \$14,721        |
| % of revenue   | 42%            | 36%            | 30%            | 29%            | 29%            | 31%            | 27%            | 24%            | 20%            | 20%            | 20%            | 21%             | 18%            | 18%            | 17%             |
| Sales and marketing expense <sup>4</sup>   | \$5,484        | \$5,630        | \$7,035        | \$7,576        | \$8,315        | \$12,153       | \$14,118       | \$14,519       | \$19,794       | \$32,924       | \$31,195       | \$24,978        | \$34,898       | \$48,075       | \$46,934        |
| YY % change  | 76%            | 50%            | 73%            | 86%            | 52%            | 116%           | 101%           | 92%            | 138%           | 171%           | 121%           | 72%             | 76%            | 46%            | 50%             |
| % of revenue   | 49%            | 36%            | 37%            | 38%            | 36%            | 44%            | 44%            | 42%            | 51%            | 70%            | 59%            | 43%             | 53%            | 61%            | 53%             |

<sup>1</sup> Adjusted EBITDA excludes share-based compensation expense, acquisition-related costs, the 2011 facility exit charge, other income, income taxes, and depreciation and amortization expense.

<sup>2</sup> Non-GAAP net income (loss) per share excludes the impact of share-based compensation expense, acquisition-related costs, the 2011 facility exit charge, and income taxes.

<sup>3</sup> For periods in which Zillow reported a GAAP net loss and non-GAAP net income, weighted-average shares used for the computation of diluted non-GAAP income per share include the impact of potentially dilutive shares. Please refer to the "Net Income (Loss) Per Share" notes to Zillow's financial statements as filed with the Securities and Exchange Commission for additional discussion of the impact of potentially dilutive shares.

<sup>4</sup> Sales and marketing expense in 2Q13 includes a one-time \$7.1 million acceleration of share-based compensation related to a prior acquisition. Excluding this item, sales and marketing expense in 2Q13 was \$25.8 million, representing growth of 113% year-over-year and 55% of revenue.