Zillow GROUP

SECOND QUARTER 2018 UPDATE

August 6, 2018

DEAR FELLOW SHAREHOLDERS,

Zillow Group reported second quarter 2018 revenue of $325 million, which was in line with our expectations and up 22 percent year-over-year, driven primarily by growth from our Premier Agent, Rentals and New Construction marketplaces. On a consolidated basis, GAAP net loss for the quarter was approximately $3.1 million, or 1 percent of revenue, and Adjusted EBITDA was in line with our expectations at $56.0 million, or 17 percent of revenue[1].

The second quarter of 2018 also marked a major milestone in our company's history. We launched our Homes business and began buying houses directly from homeowners in two cities through our Zillow Offers program.

In July, we raised nearly $750 million through the issuance of convertible senior notes and Class C capital stock. After this offering, we now have more than $1.5 billion of cash and investments, which positions us well to fund our next stage of growth and the long-term success of Zillow Group. The real estate industry is in the midst of an unprecedented period of dynamic change, and Zillow Group now has significant resources at its disposal to take advantage. For example, we announced today that we reached an agreement to acquire Mortgage Lenders of America, L.L.C., (MLOA), a national mortgage lender. This acquisition fits perfectly with our strategy of becoming more of an end-to-end provider for housing-related services. This strategy has dramatically expanded our total addressable market from single-digit billions of dollars in real estate advertising spend at the time of our 2011 IPO to tens-of billions of dollars in housing-related transactions, advertising and services today.

We continue to make great progress on Zillow Group's strategic priorities for 2018, which are:

- Grow our audience size and increase engagement across all brands - including launching new brands and into new geographies.
- Create better experiences for consumers as we accompany home buyers and sellers further down the funnel and closer to the transaction.
- Evolve our revenue models in each marketplace to better align our results with transactions and our industry partners' commissions at the bottom of the funnel.
- Attract and retain the best talent and leverage Zillow Group's unique company culture focused on innovation as a competitive advantage.

[1] Adjusted EBITDA is a non-GAAP financial measure which excludes other income, depreciation and amortization expense, share-based compensation expense, acquisition-related costs, interest expense and income taxes. See below section titled "Use of Non-GAAP Financial Measure" for information regarding Adjusted EBITDA.

AUDIENCE HIGHLIGHTS

Zillow Group's audience continued to grow during the second quarter and achieved an all-time high in April when more than 188 million unique users accessed Zillow Group's mobile apps and websites. Second quarter 2018 traffic to Zillow Group's mobile apps and websites reached more than 186 million average monthly unique users, an increase of 4 percent year-over-year. The average number of monthly unique rentals users increased 4 percent year-over-year to 35 million. Clearly at some point we will reach market penetration in terms of unique users at the top of the funnel. There are a finite number of people and computers or mobile devices in the U.S. which can reasonably be expected to access one of our mobile apps or websites in a month. However, there is ample opportunity to increase mid-funnel engagement and bottom-of-the-funnel commerce from our existing audience. For example, visits in the second quarter reached 1.9 billion, up 14 percent year-over-year.

Even as we near traffic penetration in the U.S., we still have several levers to bring more unique users to our mobile apps or websites. Projects focused on personalization and visitor re-engagement, along with brand-specific initiatives that focus on new areas, have the potential to grow traffic further.

In addition, traffic will increase as we expand across geographies. In about a month, we expect to begin adding Canadian listings to Zillow. The Canadian market is about 12 percent of the size of the U.S., although median home prices are higher. Throughout 2018, we have been building our industry partnerships in Canada, including with MLSs and leading brokerages. We previously announced our first Canadian brokerage partnership with CENTURY 21 Canada and we will announce more soon.

INTERNET, MEDIA & TECHNOLOGY SEGMENT RESULTS

Premier Agent

Our Premier Agent business is strong and undergoing exciting changes that position it for long-term growth. Premier Agent revenue grew 22 percent year-over-year to $230.9 million and Premier Agent revenue per visit increased 6 percent year-over-year. Many new agents are joining the Premier Agent program, existing agents are increasing their advertising spend with us, and revenue per consumer connection has risen significantly. Revenue from Premier Agent advertisers who have been on our platform for more than one year grew 33 percent compared to the prior year. New sales to existing advertisers, or those that were paying advertisers at the beginning of the quarter, made up 64 percent of total bookings. Advertisers spending more than $5,000 per month grew 47 percent year-over-year on a total dollar basis and 44 percent year-over-year in total number. These positive trends continue to show that real estate agents and brokers recognize the value of investing in Zillow Group to grow their businesses.

In our last earnings update, we shared our goal of moving beyond lead generation and actively evolving toward being a "deeper funnel" real estate industry partner. In April, we launched a test of our new consumer lead validation and distribution process for Premier Agents and Brokers. Real estate agents value higher quality leads over quantity. Our new process improves lead quality by validating each consumer before connecting them with a Premier Agent, and improves the connection rate by contacting the next Premier Agent in the queue if the first does not answer the phone. This allows Premier Agents and Brokers to focus their time and energy on delivering superior client service and closing more deals. We started the test in some small markets and early results indicate higher connection rates of consumers and agents, as expected. As of today, our new process is deployed in approximately 25 percent of the U.S. We are moving quickly to roll out this process nationwide and now expect to beat our previously stated goal of completing the rollout by year end. Importantly, we believe that the new Premier Agent lead validation and distribution process, which took several years to build and deploy, has the potential to significantly increase the amount of commissions generated by our Premier Agents as they successfully close more transactions for their clients. Although it will take at least several quarters for this improved ROI to translate into new revenue, we are confident that this new process will help our Premier Agent business grow to new levels.

Another important initiative for 2018 is transforming our Premier Agent App into an integrated platform that allows our industry partners to connect, communicate and help consumers find and close on their next home purchase or sale. In May, we moved closer to being the comprehensive suite for all of a Premier Agent's communications with clients when we implemented two-way text messaging directly within the app on both desktop and mobile. This integration eliminates the burden of managing communication with clients across multiple channels. In addition, when agents communicate with clients through our app, it will automatically create and extend a My Agent relationship. This feature ensures that once a connection has been established between a Premier Agent and a home shopper, then only that specific Premier Agent will appear as a buyer's agent for the home shopper to contact through our mobile apps and websites going forward. This improves lead conversion and advertiser ROI. My Agent is now available to Premier Agents nationwide, including in New York City on StreetEasy.

Our next step is to fully integrate the dotloop technology into the Premier Agent App. The dotloop integration into the app is partially complete, with key features like listings status, loop creation, and consumer reviews seamlessly functioning across both systems. In the coming months, we plan to improve our Premier Agents' ability to measure their return on investment by pulling transaction data from dotloop into the Premier Agent's app account.

Rentals

Rentals revenue grew 40 percent year-over-year to $33.3 million. The year-over-year increase in Rentals revenue was primarily attributable to an increase in the number of average monthly monetized, deduplicated rental listings on our mobile apps and websites, which increased 93 percent year-over-year to 38,141 for the second quarter of 2018. The significant one-time increase in average monthly rental listings was primarily a result of our monetization of rental listings on our StreetEasy brand mobile application and website beginning in the third quarter of 2017. We just missed our rentals revenue guidance because of slightly below forecast leads generated to our multi-family apartment building listings, which we are addressing.

On the rentals product side, we had a few exciting releases during the second quarter that take us deeper down funnel, including renter applications, as well as integrations for renter background checks and rental payment processing. Each are now rolled out nationally. With these new product launches, we are truly moving much closer to a “press a button and have magic happen” experience for renters and property managers - having digitized scheduling, applications, leasing and payments. Strategically, that is the direction we are headed with multi- and single-family rentals. This long-term play speaks to the size of the opportunity to digitize all aspects of the rental transaction -- for apartments and homes alike. That’s what consumers and landlords want from us, but it comes with short-term trade-offs on multi-family lead-gen revenue, which we believe are worth it.

Mortgages

Mortgages revenue was $19.3 million, an 8 percent decrease year-over-year, but just above the high end of our guidance range. Average revenue per loan information request decreased 24 percent year-over-year, while the number of mortgage loan information requests submitted by consumers increased 22 percent year-over-year to 6.4 million.

The decrease in average revenue per loan information request was due primarily to our transition to our new Connect platform, as well as the impact of rising interest rates. Our cost-per-lead Long Form product is transitioning to Connect, which is subscription-based for the majority of advertisers, to improve the experience for our consumers and lenders. This transition results in fewer leads that are higher quality, and we expect this enhanced experience to improve monetization in future quarters. Higher interest rates also reduced loan information request conversion to leads on our Custom Quotes product.

Other Revenue

Other revenue, which includes revenue generated by New Construction, dotloop and Display, as well as revenue from the sale of various other marketing and business products and services to real estate professionals, grew 29 percent year-over-year to $41.8 million. The increase in Other revenue was primarily driven by a 61 percent year-over-year increase in revenue from our New Construction marketplace, as well as a strong contribution from dotloop. However, New Construction revenue was not as strong as anticipated due to lower-than-expected new housing inventory coming online, which resulted in Other revenue that was just below our guidance range.

HOMES SEGMENT RESULTS

We launched our newest business, Zillow Offers, in Phoenix in April and in Las Vegas in June. We also recently announced that we will expand our service to Atlanta and Denver later this year, consistent with our initial plan. Zillow Offers empowers sellers to receive a cash offer directly from Zillow. So far, the launch has gone extremely well. Almost every aspect of Zillow Offers -- from seller demand, to managing renovations, to promptly reselling the houses we own -- is going according to, or better than, plan. We are encouraged by the quantity of seller demand for a Zillow Offer, which has exceeded our expectations. Since launch, we have received more than 10,000 offer requests from potential sellers, representing an estimated $2.8 billion of real estate. Our teams in Phoenix and Seattle have been working diligently to respond to all requests and providing offers to those properties that meet our purchase criteria. We are happy with the team's progress and their ability to effectively scale the business, bid competitively, accurately forecast renovation costs, complete renovations on time and on budget, prepare the homes for sale, and sell Zillow-owned homes quickly and with an attractive return-on-equity.

During the second quarter of 2018, Zillow purchased 19 homes. When Zillow buys a home, the seller effectively pays a fee for the service in exchange for avoiding the hassle, time commitment and uncertainty of a traditional home sale. That fee is subtracted from the purchase price and is specific to each home.

Homes segment model (For illustrative purposes only)

Revenue – Sales price of homes
Cost of revenue:
Purchase price of homes (less Zillow Group Fee)
Costs to purchase homes (commissions, escrow, title, etc.)
Home improvement costs (including direct labor)
Gross Margin
Other operating expenses:
Holding costs (insurance, taxes, HOA fees, etc.)
Costs to sell homes (closing costs, commissions, escrow, title, etc.)
Corporate overhead (indirect labor, marketing, etc.)
Adjusted EBITDA*

* For additional information regarding our presentation of Adjusted EBITDA, please see "Use of Non-GAAP Financial Measure" below.

We closed on our first home purchase on May 18th and will report Homes segment revenue in the third quarter of 2018, based on our stated target of 90 days or fewer holding time from purchase to sale. Since the end of the second quarter, we have sold 9 homes, each under that targeted holding time. In fact, some of those homes were sold while posted on the "Coming Soon" feature on Zillow before we had completed renovations or listed the home for resale. This is a testament to our ability to pre-market homes that we own by using the demand signals we get from the millions of homebuyers searching on our mobile apps and websites. We know which homes are likely to sell in these markets because our industry-leading audience size provides us with the best insight into buyer demand.

In addition, Zillow Offers is providing a steady flow of valuable seller leads for Premier Agents and Brokers by connecting them with motivated sellers who have taken direct action to sell their home. In connection with our testing over the last year, we found the vast majority of sellers who requested an offer ended up listing their home with an agent, making Zillow Offers an excellent source of seller leads. We are working to maximize those seller leads as we continue to experiment with the process by which we engage prospective sellers. We will focus on monetizing those seller leads in the future.

As Zillow Offers expands, we will continue to iterate and evolve the program based on agent and consumer feedback. Going forward, we will be the only buyer participating in the Zillow Offers program. We no longer facilitate third-party investors to make offers to home sellers through a marketplace. This will ensure the process is as efficient and seamless as possible for sellers, agents and brokers. As a result, we are suspending the marketplace test in Orlando, where we were solely running a third-party marketplace, for now. By being the exclusive home-buyer in the program, we are in a great position to control the process and consistently deliver a seamless, transparent experience for consumers, whether they accept the Zillow Offer or list their home traditionally with a Premier Agent.

Like any new business, we are learning a lot along the way and are refining our process. For example, we are making offers to purchase homes at a pace that is consistent with our original plan. However, the time period between when a seller accepts an offer and closing is longer than we originally anticipated. With Zillow Offers, these future sellers have the freedom to shop for a new home with the confidence that they can make a competitive offer with no contingencies as soon as they find the right house. Once they find their next home, they sell their current home to us at our pre-arranged price. As a result of this time delay, we are adjusting our original forecast of homes in our inventory for resale at December 31, 2018 from an estimated 300 to 1,000 homes to an estimated 300 to 550 homes and lowering our full year 2018 Homes segment revenue guidance to $20 to $40 million. This adjustment to the Homes segment revenue guidance is reflective of an increase in the anticipated amount of time from when a home seller accepts an offer to when we purchase their home. This delay is expected to benefit our unit economics, since pushing out the closing date helps us achieve a lower hold time, as we are able to prepare for the renovation and pre-marketing for the home.

Last week, we announced the closing of a $250 million maximum borrowing capacity non-recourse credit facility with Credit Suisse to support Zillow Offers. The term of the credit facility is initially one year, extending monthly to a new one-year term up to a maximum term of 36 months. We plan to use the credit facility to finance the increased velocity of homes purchased and to support the expansion of Zillow Offers into new markets. With this facility, our equity commitment for a financed home purchase will equal approximately 15 percent of the purchase price, and our return on equity will significantly improve. This will enable us to support the growth of additional transactions with less equity. We are extremely pleased with and encouraged by the terms of this credit facility and believe there is significant supply of additional sources for capital.

In conjunction with today's earnings, we announced that we have entered into a definitive agreement to acquire Mortgage Lenders of America L.L.C. (MLOA), a national online mortgage lender, headquartered in Overland Park, Kansas. Obtaining a mortgage is often the most complicated step in the home buying process. The proposed acquisition of MLOA may allow us in the future to provide buyers of Zillow-owned homes with a faster, more streamlined mortgage origination experience, and reduce our hold time. Over time, we expect to create tools and other opportunities to support our advertising partners, including real estate brokers with existing in-house mortgage operations. This acquisition is consistent with our strategy of moving further down funnel and closer to the transaction to create better consumer experiences. We expect to complete the acquisition, which is subject to customary closing conditions, during the fourth quarter of 2018. Terms of the deal were not disclosed.

As we have started to scale the Homes business over the past few months, we have become more excited about its potential. After operating just a few months in Phoenix, owners of approximately $675 million in market value of homes request an offer from Zillow each month. This represents approximately 15 percent of the value of homes sold in the market during that period. This is a valuable service we are offering consumers, with broad consumer appeal. The opportunity to provide a dramatically better experience for home sellers and for homebuyers is a unique business opportunity, which is available to us only because of the size of our audience, the strength of our marketplace, and our willingness to make long-term investments.

CONSOLIDATED SECOND QUARTER 2018 FINANCIAL DETAILS

Total operating expenses increased 18 percent year-over-year to $334.8 million.

Cost of revenue increased 26 percent year-over-year to $25.5 million, or 8 percent of revenue.

Sales and marketing expenses increased 13 percent year-over-year to $147.7 million, or 45 percent of revenue. Sales and marketing expenses include our advertising costs, and are typically greatest during the first half of the year, consistent with the peak real estate shopping season. Our plan for 2018 continues to be that we increase our annual advertising spend compared to 2017 with a target growth rate of approximately 20 percent.

Technology and development expenses increased 28 percent year-over-year to $100.4 million, or 31 percent of revenue. Increased costs from recruiting tech talent was one of the main drivers of our higher technology and development expense. Competition for tech professionals remains incredibly intense, creating higher costs to recruit and retain the best talent.

General and administrative costs increased 14 percent year-over-year to $60.6 million, or 19 percent of revenue.

GAAP net loss was $3.1 million, or 1 percent of revenue. Adjusted EBITDA was $56.0 million, or 17 percent of revenue.

In July, we completed offerings of 6,557,017 shares of Class C capital stock and approximately $373.8 million principal amount of 1.5 percent convertible senior notes due 2023, yielding an aggregate $747.5 million in gross proceeds. We used approximately $29.4 million of the net proceeds from the notes offering to pay the cost of the related capped call transactions. The net proceeds from the notes offering and the net proceeds from the shares offering will be used for general corporate purposes, which may include general and administrative matters and capital expenditures. Additionally, we may choose to use a portion of the net proceeds to expand our current business through acquisitions of, or investments in, other businesses, products or technologies. As always, when evaluating a potential acquisition, we consider the tradeoff between buying a company or technology versus building it on our own. Proceeds from the offering are not intended for the purchase of homes.

LEGAL UPDATE

On June 22, 2018, we received a letter from the Bureau of Consumer Financial Protection (formerly the Consumer Financial Protection Bureau, or CFPB) stating that it had completed its investigation of Zillow Group and that it did not intend to take enforcement action. We are extremely pleased that this matter is behind us.

PEOPLE AND CULTURE

Zillow Group ended the second quarter with more than 3,541 employees across all of our offices. The proposed acquisition of MLOA would bring approximately 300 additional employees to Zillow Group, and at closing the Kansas City office will become our 11th major office in North America.

A key part of our continued success has always been, in large part, due to our commitment to maintaining a unique company culture focused on innovation. This commitment allows us to maintain high levels of employee engagement, as well as to attract and retain the best talent. Our investment in our people and culture has lasting long-term effects on our business. We are proud that, even as we continue to grow in size, our company culture remains strong.

We regularly conduct employee engagement surveys, and the results show that our employees are very engaged and enjoy working here. In fact, results from our Spring 2018 Employee Survey indicate that 96 percent of our employees say they would recommend working for Zillow Group to a friend. This is a particularly high result for a technology company of our size.

At Zillow Group, our benefits reflect what's most important to our employees and their families and are designed to help them maintain a healthy work-life balance. For the third year in a row, Zillow Group was named one of Fatherly's 50 Best Workplaces for New Dads. And finally, our New York office was named one of Fortune's Best Workplaces in New York.

OUTLOOK

The following table presents our outlook for the periods presented (in millions, unaudited):

Zillow Group Outlook as of August 6, 2018	Three Months Ending September 30, 2018			Year Ending December 31, 2018		
Revenue:						
IMT segment:						
Premier Agent	$237	to	$239	$921	to	$927
Rentals	$37	to	$38	$136	to	$138
Mortgages	$18	to	$19	$76	to	$77
Other	$43	to	$44	$167	to	$168
Total IMT segment revenue	$335	to	$340	$1,300	to	$1,310
Homes segment	$2	to	$7	$20	to	$40
Total revenue	$337	to	$347	$1,320	to	$1,350
Adjusted EBITDA:						
IMT segment	$77	to	$82	$276	to	$286
Homes segment	$(12)	to	$(9)	$(39)	to	$(33)
Total Adjusted EBITDA*	$65	to	$73	$237	to	$253
Weighted average shares outstanding — basic	202.0	to	204.0	197.5	to	199.5
Weighted average shares outstanding — diluted	212.5	to	214.5	208.0	to	210.0

* Zillow Group has not provided a quantitative reconciliation of forecasted Adjusted EBITDA to forecasted GAAP income (loss) before income taxes within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to: income taxes which are directly impacted by unpredictable fluctuations in the market price of the company's capital stock; depreciation and amortization expense from new acquisitions; impairments of assets; and acquisition-related costs. These items, which could materially affect the computation of forward-looking GAAP income (loss) before income taxes, are inherently uncertain and depend on various factors, many of which are outside of Zillow Group's control. For more information regarding the non-GAAP financial measure discussed in this communication, please see "Use of Non-GAAP Financial Measure" below.

We have raised the low end of our Premier Agent revenue guidance range for 2018, and the high end of the range is consistent with our prior guidance. We will continue to evolve our home shopping products to support an end-to-end experience for consumers and expect future changes to impact our Premier Agent business. In the past month, we have experienced more agent advertiser churn than expected in the initial markets where we rolled out our new lead validation and distribution process. Since then, we have gotten significantly better at explaining the changes to Premier Agents, resulting in improved receptiveness to the new process in the more recently migrated markets. This improves client retention and Premier Agent spend. The anticipated impact of the national rollout of this new lead validation and distribution process on Premier Agent revenue has been factored into our outlook for the remainder of 2018.

We expect our full year 2018 Rentals revenue to be softer than planned. It is clear to us that we need to increase our investment in Rentals in order to recognize our full potential. To adequately grow the marketplace, we need to increase listings and the size of our multi-family sales team. In addition, Rentals is particularly susceptible to fluctuations at the top of the funnel, and as traffic in the U.S. nears penetration, we are working to increase connections made at the middle and bottom of the funnel. We also prioritized our focus to take us deeper down funnel in rentals, including renter applications and rental payment processing.

As described above, home sellers are maximizing the flexibility that Zillow Offers provides them when selling their homes. As a result, we have adjusted the full year revenue outlook of our Homes segment to reflect the impact of the timing of accepted offers by sellers. The response from consumers to Zillow Offers has been very positive and we are excited about the long-term growth potential that we are opening up on the selling side of the marketplace.

Finally, we are adjusting our full year 2018 consolidated Adjusted EBITDA outlook to reflect increases in headcount-related expenses, primarily due to increases in the overall cost of recruiting talent, the expansion of our Homes business, and initial projections for new hires associated with the integration and ramping up of MLOA post-closing, as well as increased end-of-year brand advertising expenses. For example, our guidance includes the expected incremental cost of approximately 40 new expected MLOA employees to be hired in 2018. These new employees will support growth of the business across a range of functions, including engineering, marketing, shared services and operations. However, our full year 2018 guidance does not yet reflect any revenue related to the proposed acquisition of MLOA.

While near-term challenges can impact our quarterly results, we are executing strategically for the long-term with a focus on the massive opportunities ahead. Moving further down funnel towards the transaction - and beyond simple lead generation - is both an exciting and challenging transformation. When we complete this evolution, we expect to be operating a larger and stronger business that is integrated into the consumer's entire home lifecycle. To put everything in perspective, we will be working closer with our industry partners to guide consumers as they:

- **Buy or sell a home** - Housing annually generates $1.8 trillion[2] in transaction value, with tens of billions of dollars of market opportunities in advertising and services.
- **Finance the purchase of a home** - Mortgage lenders underwrite $1.1 trillion[3] of purchase loans each year, which drives tens of billions of dollars in origination and advertising market opportunities.

[2] US Census Bureau and National Association of REALTORS ® 2017; Zillow Group internal estimate
[3] Mortgage Bankers Association, January 2018

- **Rent a home** - Rental properties generate nearly $500 billion[4] in rent payments annually, which drives tens of billions of dollars in advertising and services for property managers, landlords and tenants.

These are all large and expanding markets in which we will now be active participants, not simply a place to advertise. We are shaping the way consumers will buy, sell and rent homes. Consumers desire a simpler and more flexible home buying, selling and renting process. Zillow Group is committed to creating fantastic consumer experiences and developing innovative technology and solutions, like Zillow Offers and, with today's announcement, potential for mortgage originations. We are excited about the expanding long-term opportunities in front of us and our growth as we continue to innovate in the housing sector, one of the largest sectors of our economy.

Sincerely,

Spencer Rascoff, CEO

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Zillow Group's second quarter 2018 supplemental financial results tables are available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/financials.cfm#results. They are also included as Exhibit 99.2 to its Current Report on Form 8-K as furnished to the SEC on August 6, 2018, which is available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/sec.cfm and the SEC's website at www.sec.gov.

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which involve risks and uncertainties, including, without limitation, statements regarding the proposed acquisition of MLOA, Zillow Group's business and financial outlook, strategic priorities, market opportunities, legal proceedings, and operational plans for 2018. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "estimate," "outlook," "guidance," and similar expressions constitute forward-looking statements. Forward-looking statements are made based on assumptions as of August 6, 2018, and although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee these results. Differences in Zillow Group's actual results from those described in these forward-looking statements may result from actions taken by Zillow Group, as well as from risks and uncertainties beyond Zillow Group's control. Factors that may contribute to such differences include, but are not limited to, the satisfaction of conditions precedent to the closing of Zillow Group's proposed acquisition of MLOA; Zillow Group's ability to maintain and effectively manage an adequate rate of growth; Zillow Group's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow Group's investment of resources to pursue strategies that may not prove effective; Zillow Group's ability to compete successfully against existing or future competitors; the impact of the real estate industry on Zillow Group's business; the impact of pending legal proceedings described in Zillow Group's filings with the Securities and Exchange Commission, or SEC; Zillow Group's ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments;

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[4] Zillow Research, December 2017

Zillow Group's ability to maintain or establish relationships with listings and data providers; the reliable performance of Zillow Group's network infrastructure and content delivery processes; and Zillow Group's ability to protect its intellectual property. The foregoing list of risks and uncertainties is illustrative but not exhaustive. For more information about potential factors that could affect Zillow Group's business and financial results, please review the "Risk Factors" described in Zillow Group's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 as filed with the SEC on May 8, 2018, and in Zillow Group's other filings with the SEC. Except as may be required by law, Zillow Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Use of Non-GAAP Financial Measure

This communication includes references to Adjusted EBITDA (including forecasted Adjusted EBITDA), which is a non-GAAP financial measure not prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). This non-GAAP financial measure is not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

Zillow Group urges readers to review its earnings press release and supplemental financial tables as they contain important information about the company's financial results, including a reconciliation table and related information about this non-GAAP financial measure. The earnings press release and supplemental financial tables are available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/financials.cfm#results. They are also included as Exhibit 99.1 and 99.2, respectively, to the company's Current Report on Form 8-K as furnished to the SEC on August 6, 2018, which is available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/sec.cfm and the SEC's website at www.sec.gov.

Adjusted EBITDA is a key metric used by Zillow Group's management and board of directors to measure operating performance and trends, and to prepare and approve the company's annual budget. Zillow Group's use of Adjusted EBITDA has limitations as an analytical tool, which limitations are described in its earnings press release. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of Zillow Group's results as reported under GAAP.