

November 7, 2017

Zillow Group Third Quarter 2017 Revenue Increased 25% Year-Over-Year

- | Premier Agent Revenue increased 24% year-over-year to a record \$197.1 million.
- | More than 175 million average monthly unique users visited Zillow Group brands' mobile apps and websites during the quarter, reaching an all-time high of more than 187 million unique users in July 2017.
- | Visits to Zillow Group brands' mobile apps and websites, including Zillow, Trulia, StreetEasy and RealEstate.com, increased 19% year-over-year to nearly 1.7 billion in the third quarter of 2017.

SEATTLE, Nov. 07, 2017 (GLOBE NEWSWIRE) -- Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG), which houses a portfolio of the largest and most vibrant real estate and home-related brands on mobile and the web, today announced its consolidated financial results for the three months ended September 30, 2017.

"Zillow Group delivered record revenue and profitability for the third quarter of 2017, driven by strong contributions from all of our marketplaces," said Zillow Group CEO Spencer Rascoff. "It has been an exciting year for the company. We created several innovative products and further cemented our leadership position in the real estate category. Consumers are demanding more than ever from their real estate experiences. We are delivering new products that will delight consumers and our industry partners, such as 3D home tours that can be captured on an iPhone[®], and our test of Zillow[®] Instant Offers[™] that allows home sellers to compare an agent's estimate of their home's potential sale price alongside investor offers. We look forward to continuing to innovate in 2018 with new products and services that we believe real estate professionals, home buyers, sellers, owners and renters will love."

 [Zillow Group Q3 2017 Earnings Highlights](#)

Zillow Group Q3 2017 Earnings Highlights

Third Quarter 2017 Financial Highlights

- | Revenue increased 25% to a record \$281.8 million from \$224.6 million in the third quarter of 2016.
 - ° Marketplace Revenue increased 27% to \$262.7 million from \$206.9 million in the third quarter of 2016.
 - Premier Agent Revenue increased 24% to \$197.1 million from \$158.3 million in the third quarter of 2016.
 - Other Real Estate Revenue¹ increased 55% to \$44.8 million from \$28.8 million in the third quarter of 2016.
 - Mortgages Revenue increased 6% to \$20.9 million from \$19.8 million in the third quarter of 2016.
 - ° Display Revenue increased 8% to \$19.1 million from \$17.7 million in the third quarter of 2016.
- | GAAP net income was a record \$9.2 million, or 3% of Revenue, in the third quarter of 2017, compared to GAAP net income of \$6.8 million, or 3% of Revenue, in the third quarter of 2016.
- | Adjusted EBITDA was a record \$71.0 million, or 25% of Revenue, in the third quarter of 2017, which was an increase from \$59.5 million, or 26% of Revenue, in the third quarter of 2016.

Third Quarter 2017 Operating and Business Highlights

- | More than 175 million average monthly unique users visited Zillow Group brands' mobile apps and websites, an increase of 6% year-over-year, and an all-time high of more than 187 million unique users visited in July 2017, an increase of more than 17 million unique users from July 2016.
- | Visits to Zillow Group brands' mobile apps and websites Zillow[®], Trulia[®], StreetEasy[®] (included as of March 2017) and RealEstate.com (included as of June 2017) increased 19% year-over-year to nearly 1.7 billion. Premier Agent revenue per visit increased 5% to \$0.118 from \$0.113 in the same period last year.
- | The number of Premier Agent[®] accounts spending more than \$5,000 per month grew by 98% year-over-year and increased 88% on a total dollar basis.

- 1 Total sales to Premier Agents, including brokerages and other teams, who have been customers for more than one year increased 45% year-over-year.
- 1 Sales to existing Premier Agents, including brokerages and other teams, accounted for 52% of total bookings.

¹ Other Real Estate Revenue primarily includes revenue generated by Zillow Group Rentals, New Construction, as well as revenue from the sale of various other advertising and business software solutions and services for real estate professionals.

Business Outlook - Fourth Quarter and Full Year 2017

The following table presents Zillow Group's business outlook for the periods presented:

| Zillow Group Outlook as of November 7, 2017 (in millions) | Three Months Ending December 31, 2017 | | | Year Ending December 31, 2017 | | |
|--|--|----|--------|----------------------------------|----|---------|
| Revenue | \$274 | to | \$279 | \$1,068 | to | \$1,073 |
| Premier Agent revenue | \$199 | to | \$201 | \$761 | to | \$763 |
| Other real estate revenue | \$42 | to | \$43 | \$159 | to | \$160 |
| Mortgages revenue | \$18 | to | \$19 | \$80 | to | \$81 |
| Display revenue | \$15 | to | \$16 | \$68 | to | \$69 |
| Operating expenses | \$261 | to | \$266 | *** | | |
| Net income (loss) | \$6.5 | to | \$11.5 | \$(10) | to | \$(5) |
| Adjusted EBITDA (1) | \$68 | to | \$73 | \$233 | to | \$238 |
| Depreciation and amortization | \$27 | to | \$29 | \$108 | to | \$110 |
| Share-based compensation expense | \$27 | to | \$29 | \$111 | to | \$113 |
| Capital expenditures | | | *** | \$50 | to | \$52 |
| Weighted average shares outstanding — basic | 189.0 | to | 191.0 | 185.0 | to | 187.0 |
| Weighted average shares outstanding — diluted | 197.5 | to | 199.5 | 194.0 | to | 196.0 |

*** Outlook not provided

(1) A reconciliation of forecasted Adjusted EBITDA to forecasted net income (loss) is provided below in this press release.

Conference Call and Webcast Information

Zillow Group CEO Spencer Rascoff and CFO Kathleen Philips will host a live conference call and webcast to discuss the results today at 2 p.m. Pacific Time (5 p.m. Eastern Time). A copy of management's prepared remarks will be made available on the investor relations section of Zillow Group's website at <http://investors.zillowgroup.com/results.cfm> prior to the live conference call and webcast to allow analysts and investors additional time to review the details of the results.

Zillow Group's management will first read the prepared remarks and then answer questions submitted via Sli.do, in addition to answering questions from dialed-in participants, during the live conference call. Questions may be submitted at www.sli.do using the event code #ZEarnings.

A link to the live webcast of the conference call will be available on the investor relations section of Zillow Group's website at <http://investors.zillowgroup.com/results.cfm>. The live call may also be accessed via phone at (877) 643-7152 toll-free domestically and at (443) 863-7921 internationally. Following completion of the call, a recorded replay of the webcast will be available on the investor relations section of Zillow Group's website.

Forward-Looking Statements

This press release 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 that involve risks and uncertainties, including, without limitation, statements regarding our business outlook, strategic priorities, and operational plans for 2017. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "business outlook," "forecast," "estimate," "outlook," "guidance," or similar expressions constitute forward-looking statements. 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, Zillow Group's ability to maintain and effectively manage an adequate rate of growth; Zillow Group's ability to maintain or establish relationships with listings and data providers; the impact of the real estate industry on Zillow Group's business; the impact of pending litigation and other legal and regulatory matters, including those described in Note 14 under the subsection titled "Legal Proceedings" in our Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of Zillow Group's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017; Zillow Group's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow Group's ability to increase awareness of the Zillow Group brands; Zillow Group's ability to attract consumers to Zillow Group's mobile applications and websites; Zillow Group's ability to compete successfully against existing or future competitors; Zillow Group's investment of resources to pursue strategies that may not prove effective; Zillow Group's ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments; 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 is 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 Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, or SEC, 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 Measures

To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA (including forecasted Adjusted EBITDA) and non-GAAP net income (loss) per share, which are non-GAAP financial measures. We have provided a reconciliation of Adjusted EBITDA (historical and forecasted) to net income (loss) (historical and forecasted), the most directly comparable GAAP financial measure, and a reconciliation of net income (loss), adjusted, to net income (loss), as reported on a GAAP basis, and the calculations of non-GAAP net income (loss) per share - basic and diluted, within this earnings release.

Adjusted EBITDA is a key metric used by our management and board of directors to measure operating performance and trends, and to prepare and approve our annual budget. The exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- n Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- n Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- n Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation;
- n Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- n Adjusted EBITDA does not reflect acquisition-related costs;
- n Adjusted EBITDA does not reflect the gain on divestiture of business;
- n Adjusted EBITDA does not reflect interest expense or other income;
- n Adjusted EBITDA does not reflect income taxes; and
- n Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results.

Our presentation of non-GAAP net income (loss) per share excludes the impact of share-based compensation expense, acquisition-related costs, income tax benefit (expense) and the gain on divestiture of business. This measure is not a key metric used by our management and board of directors to measure operating performance or otherwise manage the business. However, we provide non-GAAP net income (loss) per share as supplemental information to investors, as we believe the exclusion of share-based compensation expense, acquisition-related costs, income tax benefit (expense) and the gain on divestiture of business facilitates investors' operating performance comparisons on a period-to-period basis. You should not consider these metrics in isolation or as substitutes for analysis of our results as reported under GAAP.

About Zillow Group

Zillow Group (NASDAQ:Z) (NASDAQ:ZG) houses a portfolio of the largest real estate and home-related brands on mobile and the web. The company's brands focus on all stages of the home lifecycle: renting, buying, selling and financing. Zillow Group is committed to empowering consumers with unparalleled data, inspiration and knowledge around homes, and connecting them with the right local professionals to help. The Zillow Group portfolio of consumer brands includes real estate and rental marketplaces Zillow®, Trulia®, StreetEasy®, HotPads®, Naked Apartments® and RealEstate.com. In addition, Zillow Group provides a comprehensive suite of marketing software and technology solutions to help real estate, rental and mortgage professionals maximize business opportunities and connect with millions of consumers. The company operates a number of business brands for real estate, rental and mortgage professionals, including Mortech®, dotloop®, Bridge Interactive® and New Home Feed®. The company is headquartered in Seattle.

Please visit <http://investors.zillowgroup.com>, www.zillowgroup.com/ir-blog, and www.twitter.com/zillowgroup, where Zillow Group discloses information about the company, its financial information, and its business which may be deemed material.

The Zillow Group logo is available at <http://zillowgroup.mediaroom.com/logos-photos>.

Zillow, Premier Agent, Mortech, Bridge Interactive, StreetEasy, HotPads and New Home Feed are registered trademarks of Zillow, Inc. Trulia is a registered trademark of Trulia, LLC. dotloop is a registered trademark of DotLoop, LLC. Naked Apartments is a registered trademark of Naked Apartments, LLC. Instant Offers is a trademark of Zillow, Inc.

Twitter is a registered trademark of Twitter, Inc.

iPhone is a registered trademark of Apple Inc.

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Reported Consolidated Results

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | September 30, 2017 | December 31, 2016 |
|--|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 319,942 | \$ 243,592 |
| Short-term investments | 361,038 | 262,870 |
| Accounts receivable, net | 53,951 | 40,527 |
| Prepaid expenses and other current assets | 30,014 | 34,817 |
| Total current assets | 764,945 | 581,806 |
| Restricted cash | 1,053 | 1,053 |
| Property and equipment, net | 110,741 | 98,288 |
| Goodwill | 1,931,260 | 1,923,480 |
| Intangible assets, net | 505,696 | 527,464 |
| Other assets | 27,006 | 17,586 |
| Total assets | \$ 3,340,701 | \$ 3,149,677 |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,915 | \$ 4,257 |
| Accrued expenses and other current liabilities | 55,598 | 38,427 |
| Accrued compensation and benefits | 25,252 | 24,057 |
| Deferred revenue | 31,060 | 29,154 |
| Deferred rent, current portion | 1,930 | 1,347 |
| Total current liabilities | 118,755 | 97,242 |
| Deferred rent, net of current portion | 17,787 | 15,298 |
| Long-term debt | 380,795 | 367,404 |
| Deferred tax liabilities and other long-term liabilities | 134,372 | 136,146 |

| | | |
|--|---------------------|---------------------|
| Total liabilities | 651,709 | 616,090 |
| Shareholders' equity: | | |
| Class A common stock | 6 | 5 |
| Class B common stock | 1 | 1 |
| Class C capital stock | 13 | 12 |
| Additional paid-in capital | 3,204,383 | 3,030,854 |
| Accumulated other comprehensive loss | (345) | (242) |
| Accumulated deficit | (515,066) | (497,043) |
| Total shareholders' equity | <u>2,688,992</u> | <u>2,533,587</u> |
| Total liabilities and shareholders' equity | <u>\$ 3,340,701</u> | <u>\$ 3,149,677</u> |

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|--|---------------------------|------------------|--------------------------|---------------------|
| | <u>September 30,</u> | | <u>September 30,</u> | |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Revenue | \$ 281,839 | \$ 224,592 | \$ 794,464 | \$ 618,977 |
| Costs and expenses: | | | | |
| Cost of revenue (exclusive of amortization) (1)(2) | 22,152 | 17,608 | 62,644 | 50,556 |
| Sales and marketing (2) | 107,108 | 93,180 | 344,266 | 291,910 |
| Technology and development (2) | 83,389 | 64,496 | 234,798 | 188,263 |
| General and administrative (2) | 54,226 | 42,625 | 153,038 | 284,175 |
| Acquisition-related costs | 218 | 93 | 366 | 890 |
| Gain on divestiture of business | - | (1,251) | - | (1,251) |
| Total costs and expenses | <u>267,093</u> | <u>216,751</u> | <u>795,112</u> | <u>814,543</u> |
| Income (loss) from operations | 14,746 | 7,841 | (648) | (195,566) |
| Other income | 1,407 | 561 | 3,970 | 1,995 |
| Interest expense | (6,906) | (1,595) | (20,526) | (4,740) |
| Income (loss) before income taxes | 9,247 | 6,807 | (17,204) | (198,311) |
| Income tax benefit (expense) | (41) | - | (41) | 1,364 |
| Net income (loss) | <u>\$ 9,206</u> | <u>\$ 6,807</u> | <u>\$ (17,245)</u> | <u>\$ (196,947)</u> |
| Net income (loss) per share — basic and diluted | \$ 0.05 | \$ 0.04 | \$ (0.09) | \$ (1.10) |
| Weighted-average shares outstanding — basic | 187,692 | 180,583 | 185,447 | 179,577 |
| Weighted-average shares outstanding — diluted | 196,425 | 189,661 | 185,447 | 179,577 |
| | | | | |
| (1) Amortization of website development costs and intangible assets included in technology and development | \$ 13,442 | \$ 22,006 | \$ 59,862 | \$ 64,931 |
| | | | | |
| (2) Includes share-based compensation expense as follows: | | | | |
| Cost of revenue | \$ 1,014 | \$ 894 | \$ 2,942 | \$ 2,662 |
| Sales and marketing | 5,914 | 5,968 | 17,694 | 17,566 |
| Technology and development | 10,438 | 8,035 | 29,329 | 23,160 |
| General and administrative | 11,208 | 12,388 | 34,197 | 37,764 |
| Total | <u>\$ 28,574</u> | <u>\$ 27,285</u> | <u>\$ 84,162</u> | <u>\$ 81,152</u> |

Other Financial Data:

| | | | | |
|---------------------|-----------|-----------|------------|-------------|
| Adjusted EBITDA (3) | \$ 70,957 | \$ 59,463 | \$ 165,456 | \$ (39,923) |
|---------------------|-----------|-----------|------------|-------------|

(3) See above for more information regarding our presentation of Adjusted EBITDA.

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Nine Months Ended | |
|---|--------------------------|-------------|
| | September 30, | |
| | 2017 | 2016 |
| Operating activities | | |
| Net loss | \$ (17,245) | \$(196,947) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities, net of amounts assumed in connection with acquisitions: | | |
| Depreciation and amortization | 81,576 | 74,852 |
| Share-based compensation expense | 84,162 | 81,152 |
| Amortization of discount and issuance costs on 2021 Notes | 13,391 | - |
| Release of valuation allowance on certain deferred tax assets | - | (1,364) |
| Loss on disposal of property and equipment | 4,085 | 3,416 |
| Gain on divestiture of business | - | (1,360) |
| Bad debt expense | 5,861 | 1,715 |
| Deferred rent | 3,072 | 312 |
| Amortization of bond premium | 451 | 1,171 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (19,272) | (11,770) |
| Prepaid expenses and other assets | 4,434 | 5,197 |
| Accounts payable | 224 | 3,296 |
| Accrued expenses and other current liabilities | 13,174 | (8,746) |
| Accrued compensation and benefits | 1,194 | 13,016 |
| Deferred revenue | 1,775 | 5,645 |
| Other long-term liabilities | 41 | (21) |
| Net cash provided by (used in) operating activities | 176,923 | (30,436) |
| Investing activities | | |
| Proceeds from maturities of investments | 204,520 | 158,828 |
| Purchases of investments | (303,241) | (126,986) |
| Proceeds from sales of investments | - | 4,963 |
| Decrease in restricted cash | - | 1,962 |
| Purchases of property and equipment | (51,580) | (45,732) |
| Purchases of intangible assets | (9,377) | (7,827) |
| Purchase of cost method investment | (10,000) | - |
| Proceeds from divestiture of a business | 579 | 3,200 |
| Cash paid for acquisitions, net | (11,147) | (16,319) |
| Net cash used in investing activities | (180,246) | (27,911) |
| Financing activities | | |
| Proceeds from exercise of stock options | 80,010 | 20,461 |
| Value of equity awards withheld for tax liability | (337) | (492) |
| Net cash provided by financing activities | 79,673 | 19,969 |
| Net increase (decrease) in cash and cash equivalents during period | 76,350 | (38,378) |
| Cash and cash equivalents at beginning of period | 243,592 | 229,138 |
| Cash and cash equivalents at end of period | \$ 319,942 | \$ 190,760 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for interest | \$ 4,458 | \$ 3,163 |
| Noncash transactions: | | |
| Capitalized share-based compensation | \$ 8,915 | \$ 7,809 |
| Write-off of fully depreciated property and equipment | \$ 12,685 | \$ 11,585 |
| Write-off of fully amortized intangible assets | \$ 5,454 | \$ - |

Adjusted EBITDA

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, for each of the periods presented (in thousands, unaudited):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|--------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Reconciliation of Adjusted EBITDA to Net Income (Loss): | | | | |
| Net income (loss) | \$ 9,206 | \$ 6,807 | \$ (17,245) | \$ (196,947) |
| Other income | (1,407) | (561) | (3,970) | (1,995) |
| Depreciation and amortization expense | 27,419 | 25,495 | 81,576 | 74,852 |
| Share-based compensation expense | 28,574 | 27,285 | 84,162 | 81,152 |
| Acquisition-related costs | 218 | 93 | 366 | 890 |
| Gain on divestiture of business | - | (1,251) | - | (1,251) |
| Interest expense | 6,906 | 1,595 | 20,526 | 4,740 |
| Income tax expense (benefit) | 41 | - | 41 | (1,364) |
| Adjusted EBITDA (1) | <u>\$ 70,957</u> | <u>\$ 59,463</u> | <u>\$ 165,456</u> | <u>\$ (39,923)</u> |

(1) For the nine month period ended September 30, 2016, Adjusted EBITDA includes the impact of a \$130.0 million litigation settlement. Adjusted EBITDA for the nine month period ended September 30, 2016 also includes \$28.8 million in related legal costs.

Non-GAAP Net Income (Loss) per Share

The following table presents a reconciliation of net income (loss), adjusted, to net income (loss), as reported on a GAAP basis, and the calculation of non-GAAP net income (loss) per share - basic and diluted, for each of the periods presented (in thousands, except per share data, unaudited):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss), as reported | \$ 9,206 | \$ 6,807 | \$ (17,245) | \$ (196,947) |
| Share-based compensation expense | 28,574 | 27,285 | 84,162 | 81,152 |
| Acquisition-related costs | 218 | 93 | 366 | 890 |
| Income tax expense (benefit) | 41 | - | 41 | (1,364) |
| Gain on divestiture of business | - | (1,251) | - | (1,251) |
| Net income (loss), adjusted | <u>\$ 38,039</u> | <u>\$ 32,934</u> | <u>\$ 67,324</u> | <u>\$ (117,520)</u> |
| Non-GAAP net income (loss) per share - basic | \$ 0.20 | \$ 0.18 | \$ 0.36 | \$ (0.65) |
| Non-GAAP net income (loss) per share - diluted | \$ 0.19 | \$ 0.17 | \$ 0.35 | \$ (0.65) |
| Weighted-average shares outstanding - basic | 187,692 | 180,583 | 185,447 | 179,577 |
| Weighted-average shares outstanding - diluted | 196,863 | 199,687 | 194,605 | 179,577 |

Revenue by Type

The following tables present our revenue by type and as a percentage of total revenue for each of the periods presented (in thousands, unaudited):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue: | | | | |
| Marketplace revenue: | | | | |
| Premier Agent | \$ 197,054 | \$ 158,322 | \$ 562,081 | \$ 439,957 |
| Other real estate | 44,778 | 28,799 | 117,427 | 72,847 |
| Mortgages | 20,869 | 19,775 | 62,075 | 54,621 |

| | | | | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Total Marketplace revenue | 262,701 | 206,896 | 741,583 | 567,425 |
| Display revenue | 19,138 | 17,696 | 52,881 | 51,552 |
| Total revenue | <u>\$ 281,839</u> | <u>\$ 224,592</u> | <u>\$ 794,464</u> | <u>\$ 618,977</u> |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Percentage of Total Revenue: | | | | |
| Marketplace revenue: | | | | |
| Premier Agent | 70% | 70% | 71% | 71% |
| Other real estate | 16% | 13% | 15% | 12% |
| Mortgages | 7% | 9% | 8% | 9% |
| Total Marketplace revenue | 93% | 92% | 93% | 92% |
| Display revenue | 7% | 8% | 7% | 8% |
| Total revenue | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

Key Metrics

The following table sets forth our key metrics for each of the periods presented:

| | Three Months Ended September 30, | | 2016 to 2017 % Change |
|----------------------------------|-------------------------------------|---------|--------------------------|
| | 2017 | 2016 | |
| | (in millions) | | |
| Average Monthly Unique Users (1) | 175.2 | 164.5 | 6% |
| Visits (2) | 1,667.1 | 1,403.8 | 19% |

(1) Zillow, StreetEasy, HotPads, Naked Apartments and RealEstate.com (as of June 2017) measure unique users with Google Analytics, and Trulia measures unique users with Adobe Analytics (formerly called Omniture analytical tools).

(2) Visits includes visits to the Zillow, Trulia, StreetEasy (as of March 2017) and RealEstate.com (as of June 2017) mobile apps and websites. We measure Zillow, StreetEasy and RealEstate.com visits with Google Analytics and Trulia visits with Adobe Analytics.

Reconciliation of Forecasted Adjusted EBITDA to Forecasted Net Income (Loss)

The following table presents a reconciliation of forecasted Adjusted EBITDA to forecasted net income (loss) at the midpoint of the range for each of the periods presented (in thousands, unaudited):

| | Three Months Ending December 31, 2017 | Year Ending December 31, 2017 |
|--|--|----------------------------------|
| Reconciliation of Forecasted Adjusted EBITDA to Forecasted Net Income (Loss): | | |
| Forecasted Net income (loss) | \$ 9,000 | \$ (7,500) |
| Forecasted Other income | (1,300) | (5,300) |
| Forecasted Depreciation and amortization expense | 28,000 | 109,000 |
| Forecasted Share-based compensation expense | 28,000 | 112,000 |
| Forecasted Interest expense | 6,800 | 27,300 |
| Forecasted Adjusted EBITDA | <u>\$ 70,500</u> | <u>\$ 235,500</u> |

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A photo accompanying this announcement is available at
<http://www.globenewswire.com/NewsRoom/AttachmentNg/649a2c14-78ba-40b7-8c09-99ae662cdb30>.

Source: Zillow Group, Inc.

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