ZILLOW GROUP

Shareholder Letter

Q2.2019

Dear Fellow Shareholders:

Zillow Group's second quarter 2019 results demonstrate consistent execution of our plan to transform the real estate transaction and solidify our leadership position in Real Estate 2.0. As we have stated previously, 2019 is a transformational year for Zillow Group as we move our company and operations toward facilitating transactions. The big swings that we're taking are beginning to pay off, but we still have much work to do in order to achieve our vision to deliver consumers a true, seamless end-to-end transaction experience.

Recent highlights:

- Total Q2 consolidated revenue grew 84% year over year to $599.6 million, driven primarily by growth in the Homes segment.
- Q2 results met or exceeded our revenue expectations for all segments, and Adjusted EBITDA was generally in line with our expectations for each segment.
- Consumer awareness and demand for Zillow Offers is growing rapidly. More than 69,000 homeowners requested an offer from Zillow to purchase their home during Q2, up 94% sequentially from Q1.
- Zillow Offers is now live in 15 markets. We opened seven markets since the end of Q1: Dallas-Fort Worth; Minneapolis; Orlando; Portland, Ore.; Nashville, Tenn.; and Colorado Springs and Fort Collins, Colo.
- Announced four new Zillow Offers markets that we intend to open in 2020: Cincinnati, Tucson, Ariz.; Oklahoma City, and Jacksonville, Fla.
- Premier Agent advertiser retention has returned to historic norms and agents have responded positively to the new lead validation and distribution process.
- We expanded testing of our Flex monetization model, which allows Premier Agents to pay a success fee only when they close a transaction with a consumer lead, in lieu of paying for advertising up front. Based on the results so far, we are optimistic about Flex working effectively in a greater number of markets in the future.
- Traffic to Zillow Group's mobile apps and websites accelerated with more than 194 million average monthly unique users in Q2, an increase of 4% year over year, while visits reached a new high of nearly 2.2 billion, up 14% year over year.

Key Highlights

CONSOLIDATED REVENUE:
$599.6 Million

CONSOLIDATED GAAP NET LOSS:
($72.0) Million

CONSOLIDATED ADJUSTED EBITDA:
$2.3 Million

AVERAGE MONTHLY UNIQUE USERS:
194 Million

VISITS:
2.2 Billion

Second Quarter 2019 Results

We reported consolidated Q2 2019 total revenue of $599.6 million, which was up 84% year over year, exceeding the high end of our outlook, primarily driven by our Homes segment. On a consolidated basis, GAAP net loss for Q2 was $72.0 million, or 12% of revenue, and Adjusted EBITDA was $2.3 million, or 0.4% of revenue[1].

We ended Q2 with more than $1.4 billion in cash and investments and more than $660.0 million available for borrowings on our revolving credit facilities and warehouse lines of credit, subject to the satisfaction of certain conditions and approval by the directing lenders.

HOMES SEGMENT RESULTS

We continue to be invigorated by the pace at which Zillow Offers is expanding in both size of operations and number of markets. In addition to the growing demand for Zillow to purchase homes directly from consumers, our results demonstrate that the appeal of buying a Zillow-owned home is also strong. Homes segment revenue of $248.9 million exceeded our expectations. Homes segment loss before income taxes for the quarter was approximately $71.1 million, or 29% of segment revenue, and Homes segment Adjusted EBITDA was a loss of $56.5 million, or 23% of segment revenue,[2] which represents a sequential improvement in Adjusted EBITDA as a percentage of revenue.

During Q2, Zillow sold 786 homes and purchased 1,535 homes. The number of homes sold was nearly two times what we sold in Q1, while homes purchased rose 71% sequentially.

Demonstrating the growing consumer demand for a better real estate transaction experience, we received more than 69,000 Zillow Offers seller requests during Q2 from 11 markets, an increase of 94% from Q1.

We continued to execute on our plan to prioritize speed of scaling the business and delivered a return on homes sold before interest expense*** per unit of 50 basis points during Q2, which is within our target range of +/- 200 basis points. As a reminder, our home acquisition cost, which is recorded in inventory on our balance sheet, is the purchase price of the home, less Zillow's service fee, an estimated renovation allowance and some closing costs. Our service fee in Q2 averaged approximately 7.5%.

Homes Highlights

SEGMENT REVENUE:
$248.9 Million

SEGMENT LOSS BEFORE INCOME TAXES:
($71.1) Million

SEGMENT ADJUSTED EBITDA:
($56.5) Million

HOMES BOUGHT: **1,535**

HOMES SOLD: **786**

Zillow Offers

[1] *Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. Please see the below section "Use of Non-GAAP Financial Measures" for more information about our presentation of Adjusted EBITDA.*

[2] *Homes segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled "Use of Non-GAAP Financial Measures" for information regarding Homes segment Adjusted EBITDA.*

Second Quarter 2019 Homes Unit Economics Exhibit

	Total (in '000s, other than homes sold)	Per Home
Homes sold	786	
Homes revenue	$248,924	$316,697
Operating costs:		
Home acquisition costs *	$224,955	$286,202
Renovation costs *	$9,484	$12,066
Holding costs *, **	$2,569	$3,268
Selling costs	$10,676	$13,583
Total operating costs	$247,684	$315,119
Return on homes sold before interest expense	$1,240	$1,578
Interest expense *, **	$3,532	$4,494
Return on Homes Sold After Interest Expense* **	**($2,292)**	**($2,916)**

**Amount excludes expenses incurred during the period that are not related to homes sold during the period.*
***Holding costs and interest expense include $1.1 million and $1.6 million, respectively, of costs incurred in prior quarters associated with homes sold in the second quarter of 2019.*
****Return on Homes Sold After Interest Expense and return on homes sold before interest expense are non-GAAP financial measures; they are not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. The most directly comparable GAAP financial measure is loss before income taxes for the Homes segment and, on a per home basis, per home loss before income taxes. For the three months ended June 30, 2019, Homes segment loss before income taxes was $71.1 million, and per home loss before income taxes was $90,486. Please see the below section "Use of Non-GAAP Financial Measures" for more information about our presentation of Return on Homes Sold After Interest Expense and return on homes sold before interest expense.*

At scale, we believe that we can deliver 400 to 500 basis points of return before interest expense. Over time, our unit economics should benefit even more from other adjacent services, like mortgage origination, title and escrow. We expect to be able to leverage these services to support Zillow Offers and improve the consumer's overall transaction experience, while also generating cost savings for Zillow and our customers. Longer-term, these services can ultimately be offered in conjunction with Zillow Home Loans and Premier Agents in non-Zillow-owned home transactions.

When Zillow purchases a home, we leverage non-recourse debt from the two revolving credit facilities that we currently have in place. We ended Q2 with $409.8 million drawn on those credit facilities and 1,743 homes in inventory, or $552.8 million in book value.

It is clear that the concept of being able to sell your home without the hassle and uncertainty is a welcome relief to many. In order to meet the strong consumer demand for Zillow Offers, we are accelerating our plans to bring this transformative way for people to sell and buy their homes to more markets across the country. To this end, last month, we turned on Colorado Springs and Fort Collins as satellite markets using existing staff, infrastructure and broker partnerships from the Denver hub. This allowed us to introduce Zillow Offers to thousands more homeowners without incurring the costs of a full new market launch. We plan to increase our pace of launching Zillow Offers markets during the second half of 2019. We announced plans today to increase the number of

Zillow Offers markets that we expect to enter to 26, including Cincinnati, Tucson, Ariz.; Oklahoma City, and Jacksonville, Fla. by early to mid-2020.

INTERNET, MEDIA & TECHNOLOGY SEGMENT RESULTS

Internet, Media & Technology (IMT) segment revenue of $323.7 million grew 6% compared to the same period last year and exceeded our Q2 guidance range. IMT segment GAAP income before income taxes was approximately $13.2 million, or 4% of segment revenue, and IMT segment Adjusted EBITDA of $64.1 million, or 20% of segment revenue[3], also was in line with our guidance.

IMT Highlights

SEGMENT REVENUE:
$323.7 Million

SEGMENT INCOME BEFORE INCOME TAXES:
$13.2 Million

SEGMENT ADJUSTED EBITDA:
$64.1 Million

Premier Agent

Premier Agent revenue grew to $232.0 million, which was near the high end of our guidance range. Year-over-year growth was 0.5%, compared with a strong Q2 2018.

As we entered into the spring, when the housing market typically heats up, we were pleased to see advertiser retention return to historic norms. Premier Agent feedback has been positive on the new lead validation and distribution process and customer satisfaction scores among buyers and sellers are showing improvement. We are now seeing more connections between consumers and Premier Agents, and our data indicates that conversions of these connections into transactions are also on the rise.

Zillow PREMIER AGENT

The increase in connections is particularly encouraging as we are in the early stages of testing the new Flex monetization model, in which Premier Agents pay

[3] *IMT segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled "Use of Non-GAAP Financial Measures" for information regarding IMT segment Adjusted EBITDA.*

a success fee when they close a transaction with a customer lead rather than paying upfront for advertising. Flex is designed to better align our financial and service incentives with our Premier Agent partners' and, in turn, deliver a fantastic experience for buyers and sellers. In June, we began testing Flex in multiple ZIP codes in Colorado and Connecticut. Early results are encouraging based on the number of appointments Premier Agents have made with Zillow customers, which we believe is a key leading indicator.

Premier Agents using the Flex program are optimistic that the connections they are receiving are strong leads with high potential for conversion. The Premier Agent app is a key workforce management tool in Flex and we are achieving extraordinarily high participation at more than 87% in Flex test markets. In addition, consumer surveys indicate Flex is more positive than our traditional model. Given these positive signals, we will be expanding the Flex test in Q4 to include Phoenix and Atlanta, which are Zillow Offers markets, to allow us to experiment with other lead monetization programs that can work in conjunction with Zillow Offers and our Premier Agent businesses. As we discuss later in our outlook section, the Flex test expansion will shift some previously expected Premier Agent revenue from the fourth quarter of 2019 into 2020.

Rentals

Rentals revenue grew 28% year over year to $42.7 million. The year-over-year increase in Rentals revenue was primarily attributable to an increase in the number of average monthly monetized rental listings on our mobile apps and websites, which increased 6% year over year to 40,366 for Q2 2019. We continue to make progress with our cost-per-lease offering for multi-family property managers. The latest iteration of our single-family landlord products are receiving positive feedback from renters and landlords as well.

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 17% year over year to $49.0 million. The increase in Other revenue was primarily driven by a 32% year-over-year increase in revenue from our New Construction marketplace.

MORTGAGES SEGMENT RESULTS

Mortgages segment revenue of $27.0 million grew 40% year over year and came in at the high end of our outlook range, driven primarily by revenue from Zillow Home Loans. Mortgages segment GAAP loss before income taxes for the quarter was $10.4 million, or 39% of segment revenue, and Mortgages segment Adjusted EBITDA was better-than-expected at a loss of $5.3 million, or 20% of segment revenue[4]. This was primarily due to the performance and contribution of Zillow Home Loans.

Mortgages Highlights

SEGMENT REVENUE:
$27.0 Million

SEGMENT LOSS BEFORE INCOME TAXES:
($10.4) Million

SEGMENT ADJUSTED EBITDA:
($5.3) Million

[4] *Mortgages segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled "Use of Non-GAAP Financial Measure" for information regarding Mortgages segment Adjusted EBITDA.*

Zillow Home Loans is a key element of our strategy to offer a seamless end-to-end real estate transaction experience. We are transitioning the company we acquired in October 2018 - a small, independent, low-volume lender specializing in government-backed loans - into a scaled, tech-enabled, rate-competitive, consumer-direct lender. We are making solid progress on the integration and the development of a proprietary mortgages technology platform which will enable customers to choose from a fully digital self service application or to copilot the process with a Zillow Home Loans loan officer. We are also developing an innovative operational process called modular underwriting that will enable us to provide customers and real estate agents a more predictable and timely transaction experience. In addition to our technology investments, we are building out our mortgages leadership and operations teams with individuals who have deep experience building, scaling and running major consumer direct lending operations. This important work is taking a few months longer than expected. We remain excited about scaling Zillow Home Loans and building our integrated payments platform for Zillow Offers.

Second Quarter 2019 Financial Details

Total operating expenses increased 98% year over year to $662.1 million. The increase in operating expenses was primarily due to activity associated with the purchase and sale of homes in our Zillow Offers business, which we launched in Q2 of 2018.

Consolidated cost of revenue increased to $271.2 million, or 45% of revenue, the majority of which is attributable to our Homes segment. IMT segment cost of revenue increased 7% year over year to $26.1 million, or 8% of segment revenue. Homes segment cost of revenue increased to $240.7 million, which represents 97% of Homes segment revenue. During Q2, we recorded a valuation adjustment to our inventory, which in part resulted in an increase to our cost of revenue as a percentage of Homes segment revenue compared to Q1 2019. Inventory valuation adjustments are customary in inventory-based businesses and fall within our expectations of managing our homes portfolio. Mortgages segment cost of revenue increased to $4.4 million, or 16% of segment revenue, primarily as a result of costs incurred for our affiliated mortgage origination business, Zillow Home Loans.

Consolidated sales and marketing (S&M) expenses increased 27% year over year to $187.4 million, or 31% of revenue. IMT segment S&M expenses decreased 2% year over year to $135.4 million, or 42% of segment revenue. Homes segment S&M expenses increased to $37.4 million, or 15% of segment revenue. Mortgages segment S&M expenses increased 90% year over year to $14.6 million, or 54% of segment revenue.

Consolidated technology and development (T&D) expenses increased 20% year over year to $120.3 million, or 20% of revenue. IMT segment T&D expenses increased 3% year over year to $94.3 million, or 29% of segment revenue.

Homes segment T&D expenses increased to $18.2 million, or 7% of segment revenue. Mortgages segment T&D expenses increased 44% year over year to $7.9 million, or 29% of segment revenue.

Consolidated general and administrative (G&A) expenses increased 37% year over year to $82.8 million, or 14% of revenue. IMT segment G&A expenses increased 4% year over year to $54.7 million, or 17% of segment revenue. This increase in IMT segment G&A includes the impact of expenses from new operating leases that commenced during Q2. Homes segment G&A expenses increased to $17.8 million, or 7% of segment revenue. Mortgages segment G&A expenses increased 161% year over year to $10.4 million, or 38% of segment revenue.

Zillow Group ended Q2 2019 with 4,880 full-time employees across all offices.

OUTLOOK

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

Zillow Group Outlook as of August 7, 2019

(in millions)	Three Months Ending September 30, 2019	Year Ending December 31, 2019
Revenue:		
IMT segment:		
Premier Agent	$233 to $238	$900 to $915
Total IMT segment revenue	$324 to $332	$1,250 to $1,270
Homes segment	$348 to $370	***
Mortgages segment	$22 to $25	$90 to $100
Total revenue	$694 to $727	***
Adjusted EBITDA*:		
IMT segment	$75 to $81	$270 to $285
Homes segment	($80) to ($70)	***
Mortgages segment	($13) to ($9)	($36) - ($30)
Total Adjusted EBITDA	($18) to $2	***
Weighted average shares outstanding — basic	206.0 to 208.0	205.5 to 207.5
Weighted average shares outstanding — diluted	211.0 to 213.0	210.5 to 212.5

****Outlook not provided*

**Zillow Group has not provided a quantitative reconciliation of forecasted GAAP net loss to forecasted total Adjusted EBITDA or of forecasted GAAP income (loss) before income taxes to forecasted segment Adjusted EBITDA 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 net loss and 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 Measures" below.*

Consolidated Revenue
Our Q3 2019 consolidated revenue outlook implies approximately 106% year-over-year growth at the midpoint of the guidance range, driven primarily by the anticipated strong performance of our Homes segment.

Homes Segment
As Zillow Offers continues to build momentum, we expect Homes segment Q3 revenue to grow 44% sequentially at the midpoint of the guidance range sequentially from Q2. We are moving quickly to scale the business and capitalize on the growing demand and plan to launch seven markets during Q3, which includes the two previously announced satellite markets and Nashville, which launched August 5. As a reminder, we are not providing full year Homes segment revenue and Adjusted EBITDA outlook since we are in the early stages of Zillow Offers and quickly scaling the business, which makes longer-term forecasts challenging.

Internet, Media & Technology Segment
We are updating our IMT and Premier Agent full year 2019 revenue and Adjusted EBITDA guidance ranges to reflect the expansion of our Flex test into Phoenix and Atlanta Zillow Offers markets, as well as the impact of new operating leases that commenced during Q2.

Regarding the impact of Flex on our revenue outlook, we expect a portion of Premier Agent revenue which would have been recorded during the fourth quarter of 2019 will now be recognized in future periods to correspond with closing of Zillow-attributed transactions. We believe the Flex model has significant long-term growth potential that we are validating through these tests.

The impact of the Flex test on full year Adjusted EBITDA outlook is twofold. First, the flow-through to Adjusted EBITDA from Premier Agent revenue that otherwise would have been recorded in Q4 is expected to shift into future periods. Second, we expect to recognize additional sales commissions expense in the second half of 2019 due to a shortened estimated life related to capitalized sales commissions paid under our market-based pricing (MBP) Premier Agent model. Under our MBP model, we capitalize sales commissions that are amortized to expense on a straight-line basis over a period that is consistent with when we expect to recognize revenue associated with a contract. We began capitalizing commissions upon our adoption of new revenue accounting guidance effective January 1, 2018. Under the MBP model, the amortization period for our Premier Agent and Premier Broker programs ranges from two to three years. As we transition MBP contracts into Flex contracts, this amortization period will be shortened to correspond with the estimated Flex transition date for a given market.

Mortgages Segment
We are modifying our full-year 2019 Mortgages segment revenue and Adjusted EBITDA outlook as we continue to invest in our digital mortgage technology platform and slow the pace of loan officer hiring as we fully integrate our operations to support scaling. This important work is taking a few months longer than expected. We expect the investments and operational changes we are making in 2019 will support scaling the business in 2020 and beyond.

HOUSING MARKET UPDATE

In June 2019, the typical U.S. home was worth $227,700, up 5.2% from a year ago[5]. This annual growth pace is above-average, but is notably slower than annual growth of more than 7% at the same time last year - a sign that the housing market is normalizing after years of rapid home value gains. We expect this steady return to "normalcy" – something U.S. housing has largely not experienced in two decades – to continue.

After an almost four-year stretch in which U.S. inventory fell continuously year over year in every month, the number of homes available for sale appears to be stabilizing. But, inventory remains very low, especially at the entry-level market segment, creating additional pressure and competition amongst first-time and/or lower income buyers.

Mortgage rates remain near historic lows, with the 30-year fixed mortgage rates hovering around 3.8%[6]. Rates were above 4% as recently as April, and this recent drop may bring more buyers into the market and help keep home values growing.

SUMMARY

Our team at Zillow Group has accomplished in under 15 months what many - not too long ago - would have believed was unachievable. From launching Zillow Offers - now on a $1 billion annualized revenue run rate[7] - and introducing Zillow Home Loans, to evolving our Premier Agent and Rentals marketplaces toward success-based service offerings, we are truly transforming our business. The industry and consumers are evolving into Real Estate 2.0 and we are uniquely positioned to lead the way, which is why we are making calculated investments across our existing and emerging businesses that we believe will pay off in 2020 and beyond.

We understand this is a sizable shift from the "search and find" nature of Zillow 1.0, but we are more confident than ever that evolving to a transaction-driven company is the right direction for our customers, the industry, the company, and our shareholders. We continue to believe that if Zillow Group is successful in executing our growth strategy, in three to five years, we will achieve the following[8]:

Homes Segment

- Purchasing 5,000 homes per month through Zillow Offers, generating annualized revenue of approximately $20 billion.

[5] *Zillow Home Value Index, June 2019*
[6] *Zillow Mortgage Rate Ticker, July 31, 2019*
[7] *Homes segment annualized revenue run rate is calculated by multiplying Homes segment revenue for the quarter by four.*
[8] *Please see "Forward-Looking Statements" below for additional information about these long-term targets.*

Internet, Media & Technology Segment

- Achieve more than $2 billion in annual revenue.
- Generate approximately $600 million in annual Adjusted EBITDA[9], or 30% of segment revenue.

Mortgages Segment

- Zillow Home Loans achieves a 33% attach rate to Zillow Offers.
- Zillow Home Loans originates more than 3,000 loans per month.

These bold moves are energizing the entire Zillow Group team to act like a startup again and reimagine what's possible in real estate. We believe that we are where we need to be today in order to deliver on our long-term targets as we transition to Real Estate 2.0.

We appreciate your desire to join us on this journey and look forward to what's ahead.

Sincerely,

Rich Barton, Co-founder & CEO
Allen Parker, CFO

Conference Call and Webcast

Zillow Group Co-founder & CEO Rich Barton and CFO Allen Parker will host a live conference call and webcast to discuss the results today at 2 p.m. Pacific Time (5 p.m. Eastern Time). They will be joined by Zillow Brand President and Co-head of Zillow Offers Jeremy Wacksman, and President of Media & Marketplaces Greg Schwartz.

A link to the live webcast and recorded replay of the conference call will be available on the investor relations section of Zillow Group's website: https://investors.zillowgroup.com/financials/quarterly-results/default.aspx. The live call may also be accessed via phone (866) 270-1533 toll-free domestically and at (412) 317-0797 internationally.

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Zillow Group's second quarter 2019 supplemental financial results tables are available on the Investor Relations section of the Zillow Group website at https://investors.zillowgroup.com/financials/quarterly-results/default.aspx. They are also included as Exhibit 99.2 to its Current Report on Form 8-K as furnished to the SEC on August 7, 2019, which is available on the Investor Relations section of the Zillow Group website at https://investors.zillowgroup.com/financials/sec-filings/default.aspx and the SEC's website at www.sec.gov.

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[9] *Zillow Group has not provided a quantitative reconciliation of forecasted segment Adjusted EBITDA to forecasted segment loss before income taxes within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence, as described further herein.*

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 our long-term business and financial targets for the next three to five years and other future years; the performance of the Homes, Mortgages, and IMT segments in 2019 and beyond; the current and future health and stability of the residential housing market, as well as statements regarding our business outlook for 2019, strategic priorities, and operational plans for 2019 and 2020. 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 7, 2019, 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, Zillow Group's ability to execute on strategy; 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; 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 Annual Report on Form 10-K for the year ended December 31, 2018 filed with the 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

This communication includes references to Adjusted EBITDA (on both a consolidated basis and for each segment, and including forecasted Adjusted EBITDA), return on homes sold before interest expense and Return on Homes Sold After Interest Expense, which are non-GAAP financial measures not prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are 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 supplemental financial tables as they contain important information about the company's financial results, including reconciliation tables and related information about these non-GAAP financial measures. The supplemental financial tables are available on the Investor Relations section of the Zillow Group website at https://investors.zillowgroup.com/financials/quarterly-results/default.aspx. They are also included as Exhibit 99.2 to the company's Current Report on Form 8-K as furnished to the SEC on August 7, 2019, which is available on the Investor Relations section of the Zillow Group website at https://investors.zillowgroup.com and the SEC's website at www.sec.gov.