

ZILLOW[®]GROUP

April 26, 2023

Dear Fellow Shareholders,

Zillow's mission is to give people the power to unlock life's next chapter so we can help make home a reality for more and more people. Since our founding, we have given customers the tools and insights they need to navigate what is often the most important, emotional, and complicated transaction of their lives. As the most visited real estate website in the United States, Zillow is transforming the way people buy, sell, finance, and rent homes.

Our growth strategy focuses on increasing customer engagement, customer transaction share¹, and revenue per customer transaction, as we aim to build a single digital experience to help people across all their real estate needs. We are doing this by investing across five growth pillars — touring, financing, seller solutions, enhancing our partner network, and integrating our services. The expected output is to grow our share of customer transactions from 3% to 6% by the end of 2025. Our strategy to evolve from an advertising lead generation model to a transactional model has dramatically increased our Total Addressable Market² from \$19 billion in residential real estate-related advertising³ previously, to more than \$200 billion of the U.S. residential real estate market⁴ today.

We spent much of this past year rapidly releasing products and improving both the customer and agent experience, as well as the top of our funnel to ensure when customers come to Zillow, they choose to stay and explore all of our offerings. Our aim for these solutions is to make it easier to transact in real estate — and, ultimately, transact with Zillow.

Touring — Movers who request a tour convert to transactors at three times the rate of other actions on Zillow. Further, we believe improving the touring process is integral to building the seamless, connected experience we envision. In late 2022, we began our rollout of real-time touring in Atlanta — our customer-facing solution that makes the process of scheduling a home tour as easy as making a

¹ Zillow calculates "Customer Transactions" as each unique purchase or sale transaction in which the homebuyer or seller uses Zillow Home Loans, Zillow Closing Services, and/or involves a Premier Agent with whom the buyer or seller connected through Zillow. See Zillow Group Investor Deck - February 2022 appendix for further details.

² Our Total Addressable Market ("TAM") includes Zillow's estimate of total industry transaction fees derived from residential real estate transactions. In addition, we provide important adjacent services, including mortgages through Zillow Home Loans and title and escrow services through Zillow Closing Services. Our TAM also includes our complementary rentals marketplace, which includes rentals advertising and property management software spend.

³ Borrell Associates 2019; Total spent on online and offline residential real estate advertising.

⁴ Zillow Group, Inc. Form 10-K dated Feb. 15, 2023.

restaurant reservation online. Early results show real-time touring has enabled higher connection rates and a higher customer propensity to work with our Premier Agent partners.

Financing — We also believe merging financing at strategic points in the homebuyer’s journey is critical to the end-to-end transaction experience we envision. Our belief is supported by several key statistics: Approximately 87% of homes purchased in the U.S. are financed with mortgage debt⁵, approximately 40% of all homebuyers begin their homebuying journey with financing⁶, and approximately 80% of Zillow’s prospective mortgage customers do not have a real estate agent⁷. In 2022, we turned our efforts toward building the foundation for a substantial direct-to-consumer purchase mortgage origination business. We are working to simplify the entry points in our funnel, increase awareness of Zillow Home Loans, bolster loan officers’ capabilities so they can effectively handle our volume, and build integrated processes with Zillow Home Loans for our customers and Premier Agent partner base.

Seller Solutions — In addition to the investments we’re making in improving the buying experience, we’re also delivering solutions for sellers and listing agents. In early 2023, through ShowingTime+, we launched a photography service and comprehensive media package called Listing Media Services that enables listing agents to seamlessly deliver beautiful, immersive media for the homes they are selling. This service is a critical precursor to our upcoming Listing Showcase product, which we plan to launch in summer 2023. Our aim with both of these products is to serve more sellers and allow listing agents to win more business.

Enhanced Partner Network — For years, we have driven increased lead volumes to our high-performing Premier Agent partners, with an eye toward those who treat our customers best, who convert leads into transactions best, and who are excited about growing their businesses alongside us. We believe working with a tighter set of partners allows us to deliver the customer experience we strive for and to test new products and services rapidly along the way, all in service of integration.

Separately, customers who start their selling journey with Zillow can now simultaneously request a cash offer from our partner, Opendoor, and receive an estimate of their open-market home sale price with a local Premier Agent partner. All customers will work with one of Zillow’s licensed advisors to determine the best path based on their needs to confidently sell their home and get into their next one. Regardless of the path they choose, customers are able to use the service as a standalone offering or package it with other Zillow home-shopping services, such as financing through Zillow Home Loans and working with a Premier Agent partner to buy their next home.

We have accomplished all of this against the backdrop of an unprecedented housing market and macroeconomic environment. Despite these challenges, our team has kept its eyes forward and focused on innovation. As a result of these efforts, our traffic and brand remain strong in 2023, with

⁵ National Association of REALTORS® “2022 Home Buyers and Sellers Generational Trends Report”

⁶ Zillow Group internal data and estimates

⁷ Zillow Group internal data and estimates

roughly 65% of mobile app users⁸ for real estate marketplaces using Zillow's app. And in 2022, Zillow regained its position as the No. 1 most visited rentals platform, according to Comscore. We exited 2022 with a solid balance sheet, including \$3.4 billion in cash and investments, up more than \$200 million versus a year ago, as we have been actively managing costs during this volatile period of time, and after executing \$947 million of share repurchases at a weighted average price of \$42.63 throughout 2022.

Most importantly, we exited 2022 with our employee base in a far more stable place than where we started the year. A little less than three years ago, we took advantage of being a primarily digital business with a heavy mix of engineering and product talent, and we permanently committed to work location flexibility. That decision brought us more stability during the pandemic and continues to be the right call: Voluntary attrition declined steadily across the organization in 2022, down more than half in Q4 compared to Q1, and our workforce is more dispersed, more diverse, and more engaged in our mission.

We are investing during a very difficult housing market while others retrench, as we see real opportunity for growth. We expect that 60 million homes will trade hands over the next 10 years, which reflects a much more natural and healthy mover rate than recent existing home sales levels. And, given all of the product and service innovation opportunities we have discussed, our aim is to be an increasing and meaningful share of those customer transactions. We believe this will drive value for our customers, partners, employees, and shareholders.

2022 was about defining our go-forward strategy, orienting our company and our business around our shared vision, and aligning our organizational structure to set us up for success on our growth strategy. 2023 is about making progress on our initiatives through product launches and market rollouts so we can further expand and scale into 2024.

Thank you for your continued support.



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A note about 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 that involve risks and uncertainties, including, without limitation, statements regarding our future targets, the future performance and operation of our business, the current and future health and stability of the residential housing market and economy, and our expectations

⁸ App Annie data as of January 2023.

regarding future shifts in behavior by consumers and employees. Statements containing words such as “may,” “believe,” “anticipate,” “aim,” “expect,” “intend,” “plan,” “project,” “predict,” “will,” “projections,” “continue,” “estimate,” “outlook,” “guidance,” “would,” “could,” “target,” “commit” or similar expressions constitute forward-looking statements. Forward-looking statements are made based on information currently available to management, 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 current and future health and stability of the economy, financial conditions and residential housing market, including any extended downturn or slowdown; changes in general economic and financial conditions (including federal monetary policy, interest rates, inflation, home price fluctuations, housing inventory, labor shortages and supply chain issues) that may reduce demand for our products and services, lower our profitability or reduce our access to financing; investment of resources to pursue strategies and develop new products and services that may not prove effective or that are not attractive to customers and real estate partners or that do not allow us to compete successfully; ability to comply with multiple listing service rules and requirements to access and use listing data, and to maintain or establish relationships with listings and data providers; ability to obtain or maintain licenses and permits to support our current and future businesses; ability to operate and grow our mortgage origination business, including the ability to obtain sufficient financing and resell originated mortgages on the secondary market; the duration and impact of natural disasters and other catastrophic events (including public health crises) on our ability to operate, on demand for our products or services, or on general economic conditions; acquisitions, strategic partnerships, joint ventures, capital-raising activities or other corporate transactions or commitments by us or our competitors; ability to manage advertising inventory and pricing; effectivity of our technology and information security systems, or those of third parties on which we rely; actual or anticipated fluctuations in our financial condition and results of operations; changes in projected operational and financial results; ability to protect the information and privacy of our customers and other third parties; ability to attract and retain qualified employees and key personnel; ability to protect our brand and intellectual property; changes in laws or government regulation affecting our business; and the impact of pending or future litigation or regulatory actions.

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 fiscal year ended Dec. 31, 2022, 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.