

ZILLOW[®]GROUP

April 16, 2024

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 one of the most important, emotional, and complicated transactions of their lives.

Over the years, we've "turned on the lights" in real estate by building engaging and practical products and services designed to empower consumers with data and information, transforming a previously opaque marketplace into the more transparent one we experience today. But "turning on the lights" only got Zillow and our large audience so far. To effect real change for consumers and open up a much larger opportunity, we needed to focus on the moving experience from start to finish and work to transform the transaction itself.

In February 2022, we published an Investor Strategy Deck¹ that detailed the opportunity we saw to serve more mover-consumers in our funnel through the concept of the "housing super app" – an integrated digital experience that connects the fragmented pieces of the moving process and brings them together on one platform: Zillow. We see this strategy as a continuation of what we've been working on since we founded the company – a commitment to transform the way people buy, sell, finance, and rent homes.

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 was about making progress on our initiatives through product launches and market rollouts, setting us up to expand and scale in 2024 and 2025.

In February 2024, we published an updated Investor Strategy Deck² (2024 Investor Strategy Deck) that details what we have accomplished to date as we empower consumers by

¹[https://s24.q4cdn.com/723050407/files/doc_financials/2021/q4/Zillow-Investor-Strategy-Presentation-\(February-2022\)-ZG.pdf](https://s24.q4cdn.com/723050407/files/doc_financials/2021/q4/Zillow-Investor-Strategy-Presentation-(February-2022)-ZG.pdf)

² <https://investors.zillowgroup.com/investors/news-and-events/events-and-presentations/default.aspx>

delivering real estate data and education, a suite of Zillow-owned solutions, and a network of best-in-class partners, at their fingertips. Zillow, the housing super app, is now the container into which we will continually place new features and services that work together seamlessly to solve real customer and agent pain points in their moves.

In our 2024 Investor Strategy Deck, we also introduced a new, refined way to size our opportunity – an estimated \$30 billion accessible total addressable market (TAM) of high-intent customers who we believe are already raising their hands in the Zillow funnel³. In 2023, we captured only \$1.5 billion of that \$30 billion accessible TAM, which represents our full-year 2023 Residential and Mortgages revenue as reported. Our opportunity is to take our current small slice of a large TAM and grow it into a much bigger piece of the pie.

We believe we have many years of growth ahead into that \$30 billion revenue TAM, bolstered by our position as one of the largest internet brands in the United States. Based on survey data, we estimate that 70% of all consumers who transact in residential real estate visit and use Zillow. Additionally, our data indicates Zillow has more than 60%⁴ unaided brand awareness among buyers, which is rarefied air for a brand to achieve in any category. Our brand strength is also evident in Zillow's traffic composition, with about 80%⁵ being organic, and in our app usage, which is more than three times that of our nearest competitor⁶.

Growth Strategy

We're investing across five for-sale growth pillars: touring, financing, seller solutions, enhancing our partner network, and integrating our services. We've also added rentals as an additional growth pillar. These growth pillars serve as a roadmap to achieve our goals to grow our revenue as we aim to grow customer transaction share from 3% to 6% by the end of 2025⁷.

Touring — When a customer who's been coveting a home on Zillow raises their hand to tour it in real life, we believe it's a strong signal of serious intent to transact. Our real-time touring product, powered by ShowingTime, is meaningfully improving our ability to connect these higher-intent customers to our Premier Agent partners. We ended 2023 with real-time tours

³ Estimate of buy- and sell-side transactors engaged in Zillow's funnel multiplied by estimated revenue per transaction for buyers and sellers, respectively. Please see our 2024 Investor Strategy Deck for additional information about our estimated TAM.

⁴ Based on Zillow Group internal data.

⁵ Based on Zillow Group internal data.

⁶ data.ai data for January 2023 – December 2023. Includes Zillow, Trulia, Hotpads, and StreetEasy apps.

⁷ Please see the "Forward-Looking Statements" and "Use of Operating Metrics" sections below for additional information about these forward-looking targets.

delivering approximately 10% of our total Premier Agent partner connections. This is driving a better customer and agent experience, with less friction, as we see increased successful connections and more customers working with Premier Agent partners.

Financing — Our industry surveys indicate that approximately 40%⁸ of all homebuyers start their journey by shopping for a mortgage, and 80%⁹ of those buyers don't yet have an agent. Knowing that almost all of these mortgage seekers use Zillow to shop for a home positions us well as we build a substantial direct-to-consumer purchase mortgage origination business within Zillow Home Loans¹⁰ that is seamlessly integrated with our extensive Premier Agent partner network.

Our integration efforts are driving purchase mortgage origination volume growth. In our original four enhanced markets (Atlanta, Phoenix, Raleigh, Denver), we saw our customer adoption rates climb from 6% to 15% over the course of 2023¹¹. Additionally, the percentage of Zillow Home Loans purchase mortgages in which a customer works with a Premier Agent partner increased from 23% in Q1 2023 to 53% in Q4 2023.

Seller Solutions — In 2023, we expanded our TAM by introducing new seller solutions, most notably Listing Showcase¹². This product elevates agents' brand presence on Zillow and helps them win more listings. Listing Showcase also improves the shopper experience with our homegrown AI-powered rich media and floor plan technology. This is a unique differentiator in the marketplace and a considerable benefit to buyer engagement and experience.

We are in the early days of this product, having launched it in Q3 2023, and we are seeing significant demand from listing agents and significant engagement from consumers. Our data indicates that Listing Showcase listings on Zillow receive 75% more page views, 68% more saves, and 75% more shares¹³. We are actively rolling out Listing Showcase nationwide.

⁸ Zillow Group internal estimates.

⁹ Zillow Group internal estimates.

¹⁰ <https://www.zillowhomeloans.com>

¹¹ Adoption rate measures the percentage of Zillow customers that use both a Premier Agent partner and Zillow Home Loans to purchase a home, as measured by Zillow Group's internal data.

¹² <https://showingtimeplus.com/solutions/listing-showcase>

¹³ The data is from March 18, 2024, and is an average from the immediately preceding six-month period. The data excludes the top 5% and bottom 5% lift of total page views, saves, and shares from each month and the immediately preceding six-month average.

Enhanced Partner Network — We help the best agents provide better service to more of our shared customers to grow their businesses and ours in several ways:

- First, we're increasing the number of our enhanced market partners as we plan to expand from nine enhanced markets to 40 enhanced markets by the end of 2024.
- Second, we're working to deliver the integrated experience between Zillow Home Loans and our Premier Agent partners. We're seeing strong progress already, with one in two Premier Agent partners in our enhanced markets introducing their customers to Zillow Home Loans at the end of 2023, up from one in five at the end of 2022.
- Last, we are excited to accelerate improvements to Follow Up Boss, which we acquired in December 2023, and make it available to more agents to increase conversion. Follow Up Boss is an industry-leading CRM (customer relationship management) system that gives top-performing real estate professionals a central hub to organize and engage customers, close deals, and build their teams. With the power of Follow Up Boss, our Premier Agent partners will be better equipped to deliver the best possible customer experiences while growing their businesses.

Integrating our Services — This growth pillar involves pulling together consumer, agent, and loan officer technology, and integrating them into the housing super app. As evidenced by our performance in our two earliest enhanced markets, Phoenix and Atlanta, our integrated strategy is working to drive customer transaction share gains. From the beginning of 2022 to the end of 2023, our customer transaction share in these enhanced markets has nearly doubled¹⁴. Additionally, across our entire set of nine enhanced markets at the end of 2023, we are seeing consistent outperformance in connections growth versus the industry¹⁵.

Rentals — Providing our customers with optionality is as important as ever in a challenging housing market, especially considering that nearly every homebuyer starts out as a renter. We now have the largest audience¹⁶ of renters in the market, with limited marketing spend to date. As the traffic leader, we've been able to grow the number of multifamily properties on our apps and sites, which has accelerated our multifamily revenue from 14% year-over-year growth in Q4 2022 to 52% in Q4 2023.

¹⁴ Represents customer transaction share growth in the Phoenix and Atlanta enhanced markets in Q1 2022 compared to Q4 2023. Please see the "Use of Operating Metrics" section below for additional information about our calculation of customer transaction share.

¹⁵ Represents monthly year-over-year growth in connections versus monthly year-over-year growth in existing home sales in 2023 for the nine enhanced markets.

¹⁶ Comscore data as of February 2024.

Industry

We are monitoring the impact of potential changes within the industry as a result of numerous lawsuits. Zillow is not a named party in the various lawsuits regarding agent compensation, and we remain confident in our ability to meaningfully grow our company over time.

We believe all roads lead to Zillow, and we're well-positioned to thrive in any weather.

We continue to advocate for what we believe is best for consumers and the real estate industry as a whole. In November 2023, we outlined the marketplace principles that underlie Zillow's position – access, representation, and compensation.

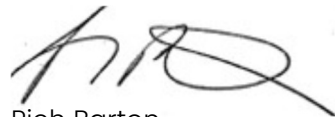
- We believe in a real estate marketplace that is transparent and fair, in which consumers and agents have easy and equitable access to listings and information.
- We believe buyers and sellers deserve independent representation.
- We believe agents should be compensated fairly and that consumers should be well-informed of agent compensation as well as their right to negotiate.

We recently elaborated on these views on a new web page – advocacy.zillowgroup.com – that outlines how we are working to elevate industry standards on consumers' behalf.

Looking Ahead

It has been a busy and exciting two years as we've been building and investing in these growth pillars, adding to our Zillow housing super app experience. We are looking forward to continued growth in the years ahead as we solve customer pain points to build a better, integrated real estate transaction experience.

Thank you for your continued support.



Rich Barton

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A Note About Forward-Looking Statements: This letter 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, our business strategies and ability to translate such strategies into financial performance, the current and future health and stability of the residential housing market and economy, increases and volatility of mortgage interest rates, and our expectations regarding future shifts in behavior by consumers and employees. Statements containing words such as “may,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “project,” “predict,” “will,” “projections,” “continue,” “estimate,” “outlook,” “opportunity,” “guidance,” “would,” “could,” “strive,” or similar expressions constitute forward-looking statements. Unless otherwise noted in this letter, forward-looking statements are made based on assumptions as of April 16, 2024, 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 and United States residential real estate industry, including changes in inflationary conditions, interest rates, housing availability and affordability, labor shortages and supply chain issues; our ability to manage advertising and product inventory and pricing and maintain relationships with our real estate partners; our ability to establish or maintain relationships with listing and data providers, which affects traffic to our mobile applications and websites; our ability to comply with current and future rules and requirements promulgated by a multiple listing service, or other real estate industry group, or governing body; our ability to navigate industry changes, including as a result of certain or future class action lawsuits or government investigations, which may include lawsuits or investigations in which we are not a party; our ability to continue to innovate and compete successfully against our existing or future competitors to attract customers and real estate partners; our ability to effectively invest resources to pursue new strategies, develop new products and services and expand existing products and services into new markets; our ability to operate and grow Zillow Home Loans, our mortgage origination business, including the ability to obtain or maintain sufficient financing to fund its origination of mortgages, meet customers’ financing needs with its product offerings, continue to grow the origination business and resell originated mortgages on the secondary market; the impact of pending or future litigation and other disputes or enforcement actions, which may include lawsuits or investigations in which we are not a party; our ability to attract, engage, and retain a highly skilled, remote workforce; acquisitions, investments, strategic partnerships, capital-raising activities, or other corporate transactions or commitments by us or our competitors; actual or anticipated fluctuations in quarterly and annual results of operations and financial position; and the assumptions, estimates and internal or third-party data that we use to calculate business, performance and operating metrics. 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 SEC filings. 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 Operating Metrics: Zillow Group reviews a number of operating metrics to evaluate its business, measure performance, identify trends, formulate business plans, and make strategic decisions. This letter includes Customer Transaction Share as a percentage of total residential real estate transactions. Zillow Group uses these operating metrics on a periodic basis to evaluate and provide investors with insight into the performance of Zillow Group’s transaction-based lines of business, which currently include Premier Agent, Listing Showcase, seller solutions, Zillow Home Loans and Listing Showcase.

Customer Transactions: Unless otherwise indicated, Zillow Group calculates “Customer Transactions” as each unique home purchase or sale transaction in which the buyer or seller uses Zillow Home Loans, Listing Showcase, and/or involves a Premier Agent or seller solutions partner with whom the buyer or seller connected through Zillow Group. In particular: (1) For Premier Agent and seller solutions partners, Zillow Group uses an internal approximation of the number of buy- and/or sell-side transactions, as applicable, that involve a Premier Agent or seller solutions partner with whom the buyer or seller connected through Zillow Group. Because of the challenges associated with measuring the conversion of connections to transactions outside of our Premier Agent Flex and our seller solutions programs, including reliance on the availability and quality of public records and data, these estimates may be inaccurate. (2)

For Zillow Home Loans, Zillow Group counts each unique purchase transaction in which the buyer uses Zillow Home Loans. (3) For Listing Showcase, Zillow Group counts each unique sale transaction in which the listing agent or seller uses Listing Showcase.

Customer Transaction Share: Unless otherwise indicated, "Customer Transaction Share" is Customer Transactions divided by the number of total residential real estate transactions, for the period presented.

This letter contains estimates and other statistical data made by independent parties and by Zillow Group relating to market size, the housing market, connections, engagement, transactions, growth and other data about Zillow Group's industry and performance. These data involve a number of assumptions and limitations, which may significantly impact their accuracy, and you are cautioned not to give undue weight to such estimates. Projections, assumptions and estimates of future performance are necessarily subject to a high degree of uncertainty and risk.