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Zillow Group Reports First-Quarter 2024 Financial Results

SEATTLE — May 1, 2024 — Zillow Group, Inc. (NASDAQ: Z and ZG), which is transforming the way people buy, sell, rent and finance homes, today announced its consolidated financial results for the three months ended March 31, 2024.

Complete financial results for the first quarter and outlook for the second quarter of 2024 can be found in our shareholder letter on the Investor Relations section of Zillow Group's website at https://investors.zillowgroup.com/investors/financials/quarterly-results/default.aspx.

"Zillow's strong revenue numbers across the business helped us once again meaningfully outperform the residential real estate industry as we continue to execute on our growth strategy and expand the breadth and depth of market coverage for the housing super app experience in 2024," said Zillow co-founder and CEO Rich Barton. "We've organically amassed and maintained a large, engaged audience and strong brand, and we've been investing heavily in software to digitize and integrate the end-to-end moving transaction for consumers, their agents, and their loan officers."

Recent highlights include:

- Zillow Group's first-quarter results exceeded the company's outlook for revenue and Adjusted EBITDA.
- Q1 revenue was $529 million, up 13% year over year and above the midpoint of the company's outlook range by $26 million.
    - Residential revenue was up 9% year over year in Q1 to $393 million, outperforming both the residential real estate industry total transaction value[1] growth of 4% and the company's outlook.
    - Rentals revenue of $97 million increased 31% year over year, primarily driven by multifamily revenue growing 46% year over year in Q1.
    - Mortgages revenue of $31 million increased 19% year over year, due primarily to a more than 130% year-over-year increase in purchase loan origination volume to $601 million in Q1. The increase was partially offset by a decrease in mortgage marketplace revenue.
- On a GAAP basis, net loss was $23 million, or 4% of total revenue, in Q1, compared with $22 million, or 5% of total revenue, in Q1 2023.
- Q1 Adjusted EBITDA was $125 million, or 24% of total revenue, $25 million above the midpoint of the company's outlook range, driven primarily by higher-than-expected Residential revenue.
- Cash and investments at the end of Q1 were $2.9 billion, up from $2.8 billion at the end of Q4 2023.
- Traffic to Zillow Group's mobile apps and sites in Q1 was 217 million average monthly unique users, flat year over year. Visits during Q1 were 2.3 billion, up 3% year over year.

[1] National Association of REALTORS® existing homes sold during Q1 2024 multiplied by the average selling price per home for Q1 2024, compared with the same period in 2023.

First Quarter 2024 Financial Highlights

The following table sets forth Zillow Group's financial highlights for the periods presented (in millions, except percentages, unaudited):

	Three Months Ended March 31,		2023 to 2024 % Change
	2024	2023	
Revenue:			
Residential	$ 393	$ 361	9%
Rentals	97	74	31%
Mortgages	31	26	19%
Other	8	8	—%
Total revenue	$ 529	$ 469	13%
Other Financial Data:			
Gross profit	$ 406	$ 377	
Net loss	$ (23)	$ (22)	
Adjusted EBITDA (1)	$ 125	$ 104	
Percentage of Revenue:			
Gross profit	77%	80%	
Net loss	(4)%	(5)%	
Adjusted EBITDA (1)	24%	22%	

(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. See below for more information regarding our presentation of Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, which is net loss, for each of the periods presented.

Conference Call and Webcast Information

The company will host a live conference call to discuss these results today at 2 p.m. Pacific Time (5 p.m. Eastern Time). A shareholder letter, investor presentation on Rentals, and link to both the live webcast and recorded replay of the call may be accessed in the Quarterly Results section of Zillow Group's Investor Relations website. Participants must register for the live call in advance at https://www.netroadshow.com/events/login?show=e49378e8&confId=63534 to receive emailed instructions. This pre-registration process is designed to reduce delays due to operator congestion when accessing the live call.

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 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, volatility of mortgage interest rates, and our expectations regarding future shifts in behavior by consumers. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "predict," "will," "projections," "continue," "estimate," "outlook," "guidance," "would," "could," "strive," or similar expressions constitute forward-looking statements. Forward-looking statements are made based on assumptions as of May 1, 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 the National Association of REALTORS®, multiple listing services, or other real estate industry groups or governing bodies; 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 named party; our ability to continue to innovate and compete 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 duration and impact of natural disasters, geopolitical events, and other catastrophic events (including public health crises) on our ability to operate, demand for our products or services, or general economic conditions; our ability to maintain adequate security measures or technology systems, or those of third parties on which we rely, to protect data integrity and the information and privacy of our customers and other third parties; the impact of pending or future litigation and other disputes or enforcement actions, which may include lawsuits or investigations to 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; our ability to continue relying on third-party services to support critical functions of our business; our ability to protect and continue using our intellectual property and prevent others from copying, infringing upon, or developing similar intellectual property, including as a result of generative artificial intelligence; our ability to comply with domestic and international laws, regulations, rules, contractual obligations, policies and other obligations, or to obtain or maintain required licenses to support our business and operations; our ability to pay debt, settle conversions of our convertible senior notes, or repurchase our convertible senior notes upon a fundamental change; our ability to raise additional capital or refinance on acceptable terms, or at all; actual or anticipated fluctuations in quarterly and annual results of operations and financial position; the assumptions, estimates and internal or third-party data that we use to calculate business, performance and operating metrics; and volatility of our Class A common stock and Class C capital stock prices.

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 publicly available 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.

About Zillow Group, Inc.

Zillow Group, Inc. (NASDAQ: Z and ZG) is reimagining real estate to make home a reality for more and more people. As the most visited real estate website in the United States, Zillow and its affiliates help people find and get the home they want by connecting them with digital solutions, dedicated partners and agents, and easier buying, selling, financing and renting experiences.

Zillow Group's affiliates, subsidiaries and brands include Zillow®; Zillow Premier Agent®; Zillow Rentals®, Zillow Home Loans℠; Trulia®; Out East®; StreetEasy®; HotPads®; ShowingTime+℠; Spruce® and Follow Up Boss®.

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Please visit https://investors.zillowgroup.com, www.zillowgroup.com/news, and www.twitter.com/zillowgroup, where Zillow Group discloses information about the company, its financial information and its business that may be deemed material.

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

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Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA, a non-GAAP financial measure. We have provided a reconciliation below of Adjusted EBITDA to net loss, the most directly comparable U.S. generally accepted accounting principles (GAAP) financial measure.

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. In particular, 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 this measure in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation;
- 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 expenditures or contractual commitments;
- Adjusted EBITDA does not reflect impairment costs;
- Adjusted EBITDA does not reflect interest expense or other income, net;
- Adjusted EBITDA does not reflect income taxes; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently from the way 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 loss and our other GAAP results.

Adjusted EBITDA

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

	Three Months Ended March 31,	
	2024	**2023**
Reconciliation of Adjusted EBITDA to Net Loss:		
Net loss	$ (23)	$ (22)
Income taxes	2	—
Other income, net	(33)	(32)
Depreciation and amortization	56	40
Share-based compensation	108	103
Impairment costs	6	6
Interest expense	9	9
Adjusted EBITDA	$ 125	$ 104