Risk Factors Comparison 2024-02-15 to 2023-02-15 Form: 10-K

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Below is a summary of the principal factors that we believe make an investment in Zillow Group speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found after this summary, and should be carefully considered, together with other information in this Annual Report on Form 10- K and our other filings with the Securities and Exchange Commission (" SEC ") before making an investment decision regarding Zillow Group, including investment in our Class A common stock or Class C capital stock. Risks Related to Our Business and Industry • Our business has and may continue to be impacted by the current and future health and stability of the economy and United States residential real estate industry, including inflationary conditions, interest rates, housing availability and affordability, **changes to industry standards and practices,** labor shortages and supply chain issues **. • Our business may be impacted by industry changes, including as a result of certain or future class action lawsuits or government investigations** . • Our business could be harmed if ~~our~~ real estate ~~partners~~ **professionals** reduce or end their ~~advertising~~ spending with us or if we are unable to effectively manage advertising **and product** inventory or pricing. • We may not be able to establish or maintain relationships with listing and data providers **, including MLSs** , which could adversely affect traffic to our mobile applications and websites. • If we do not comply with MLS rules and requirements **and data listing agreements** , our use of listings data may be restricted. • Our success depends on our ability to continue to innovate and compete successfully **against our existing or future competitors** to attract customers and real estate partners. • Natural disasters **,geopolitical events,** and catastrophic events ~~(including pandemics such as COVID- 19)~~ may harm our business.• If our data integrity suffers harm,our business may suffer and we may be held liable.• Pending or future litigation and other disputes or enforcement actions may harm our business.• Our success depends on attracting and retaining a highly skilled workforce.• Acquisitions,investments,strategic partnerships,capital- raising activities,or other corporate transactions or commitments by us or our competitors could harm our business.• Our fraud detection processes and information security systems may not be effective **in preventing bad actors from perpetrating fraud or accessing data or systems** .• We are subject to multiple risks related to accepting credit and debit card payments.• If our security measures or technology systems,or those of third parties upon which we rely,are compromised or there is any significant disruption in service on our platforms or in our network,we may suffer significant losses and our business may be harmed.• We rely on third- party services to support critical functions of our business. **Risks Related** ~~• We have and may continue~~ to **Our Mortgages Business** ~~be subject to outstanding real property~~ • Zillow Home Loans depends on United States government- sponsored entities and government agencies, operates in a highly regulated industry, ~~and~~ may be unable to obtain or maintain sufficient financing to fund its origination of mortgages, **and** may not meet customers' financing needs with its product offerings ~~,~~ **. • Zillow Home Loans** may not be able to continue to grow ~~its~~ **as a** mortgage origination business, may not be able to resell originated mortgages on the secondary market, and may be impacted by interest rate and general market fluctuations. • Natural disasters and catastrophic events (...... down of our Zillow Offers operations. Risks Related to Our Intellectual Property • We may be unable to adequately protect or continue using our intellectual property or prevent others from copying, infringing upon **, using in generative artificial intelligence or machine learning** , or developing similar intellectual property. • We may be involved in costly intellectual property disputes and may be unable to adequately protect our intellectual property. • Proprietary rights agreements with employees may not prevent disclosure of our proprietary information. Risks Related to Regulatory Compliance and Legal Matters • If we fail to comply with laws and regulations or to obtain or maintain required licenses, our business and operations could be harmed. At the same time, compliance with laws and regulations may be expensive and operationally burdensome. • We are subject to stringent and evolving **laws, regulations, rules, contractual obligations, policies and other obligations in the** United States and **certain foreign jurisdictions** ~~Canadian laws, regulations, rules, contractual obligations, policies and other obligations related to data privacy and security~~ . Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation **(including class claims) and mass arbitration demands** , fines and penalties, a disruption of our business operations, reputational harm, loss of revenue or profits, loss of customers and other adverse business consequences. • We ~~may be~~ **are, from time to time,** involved in proceedings that may result in adverse outcomes. Risks Related to Our Financial Position • Given current economic and residential housing market conditions and the significant changes to our business since November 2021, financial performance for prior and current periods may not be indicative of future performance. • We have incurred significant operating losses in the past and may not be profitable over the long term. • We may not be able to pay our debt, settle conversions of our convertible senior notes, or repurchase our convertible senior notes upon a fundamental change. • Credit and debt facilities for Zillow Home Loans may subject us to interest rate risk and include provisions that may restrict our operating activities and harm our liquidity. • We may not be able to raise additional capital or refinance on acceptable terms, or at all. • Real or perceived inaccuracies in assumptions, estimates and data used to calculate our business metrics may harm our business or reputation. • We expect our results of operations to fluctuate quarterly and annually. • We could be subject to additional tax liabilities. • Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. Risks Related to Ownership of Our Common and Capital Stock and Debt Instruments • Our Class A common stock and Class C capital stock prices may be volatile and their value may decline. • The structure of our capital stock concentrates voting control with our founders. • Future sales of our stock could cause our stock price to decline. • Securities, industry analyst or other third- party research and reports may affect our stock price and trading volume. • Any additional equity securities or convertible debt we issue may dilute shareholders' investments. • Currently outstanding and future use of capped call transactions may affect the value of our outstanding convertible senior notes and our Class C capital stock. • Anti- takeover provisions could prevent an acquisition of us, limit shareholders' ability to affect management, and affect the price of our stock. Our business is subject to numerous risks. You should carefully consider the following risk factors, as any of these risks could harm our business, results of operations, and future financial performance. Recovery pursuant to our insurance policies may not be available due to policy definitions of covered losses or other factors, and available insurance may be insufficient to compensate for damages, expenses, fines, penalties, and other losses we may incur as a result of these and other risks. In addition, risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially and adversely affect our business, financial condition and operating results. If any of these risks occur, the trading price of our common and capital stock could decline, and you could lose all or part of your investment. Our Business and Operating Results Have and May Continue to Be Impacted by the Health of the United States Residential Real Estate Industry and May Be Negatively Affected by Downturns **or Significant Changes** in This Industry and General Economic Conditions. The success of our business depends, directly and indirectly, on the health of the United States residential real estate market. The health of the United States residential real estate market is affected, in part, by general economic conditions beyond our control. Recent market factors, including low housing inventory, fewer new for- sale listings, volatility in mortgage interest rates and home price fluctuations, inflationary conditions and ~~high~~ rental occupancy ~~rates~~ - **rate fluctuations** have impacted demand for our products and services by consumers and advertisers, which in turn has negatively impacted our financial performance. The extent to which these and additional economic factors, such as those described below, impact our results and financial position will depend on future developments, which are uncertain and difficult to predict: • ~~downturns~~ **fluctuations** in the United States residential real estate market – both seasonal and cyclical – which may be due to one or more factors, whether included in this list or not; • changes in federal monetary policy or inflationary conditions; • changes in international, national, regional, or local economic, demographic, or real estate market conditions; • slow economic growth or recessionary conditions; • increased levels of unemployment or a decrease in labor availability, and / or slowly growing or declining wages; • declines in the value of residential real estate and / or the pace of home appreciation, or the lack thereof; • illiquidity in residential real estate; • overall conditions in the housing market, including macroeconomic shifts in demand, and increases in costs for homeowners such as property taxes, homeowners association fees and availability and affordability of insurance; • low levels of customer confidence in the economy and / or the United States residential real estate industry; • low home and / or rental inventory levels or lack of affordably priced homes and rentals; • changes in interest rates, mortgage rates or down payment requirements and / or restrictions on mortgage financing availability; • changes to **how** real estate commissions **are negotiated or paid, or changes to other industry standards and practices** ; • federal, state, or local legislative or regulatory changes that would negatively impact rental properties or the residential real estate industry, such as the Tax Cuts and Jobs Act of 2017 (the " Tax Act "), which limited deductions of certain mortgage interest expenses and property taxes; • volatility and general declines in the stock market; and / or • natural and man- made disasters and other catastrophic events, such as pandemics, hurricanes, earthquakes, wildfires, terrorist attacks and other events that disrupt local, regional, or national real estate markets. **Residential real estate may be impacted by industry changes, including as the result of certain or future class action lawsuits or government investigations. The residential real estate industry faces significant pressure from private lawsuits and investigations by the Department of Justice (the " DOJ ") with regards to antitrust issues, including with respect to lawsuits and investigations in which we are not a named party. In April 2019, the National Association of Realtors (" NAR ") and certain brokerages and franchisors (including Realogy Holdings Corp., HomeServices of America, Inc. RE / MAX and Keller Williams Realty, Inc.) were named as defendants in a class action complaint alleging a conspiracy to violate federal antitrust laws by, among other things, requiring residential property sellers in Missouri to pay inflated commission fees to buyer brokers (the " NAR Class Action "). On October 31, 2023, a jury found NAR and various of its co- defendants liable and awarded plaintiffs nearly $ 1. 8 billion in damages (an award that is subject to trebling), and additional equitable relief that may require changes to existing business models may be forthcoming. Class action suits raising similar claims are already pending in other jurisdictions and the outcome of the NAR Class Action and other pending litigation may result in additional actions being filed. While the final outcomes of any pending or future lawsuits cannot be predicted with any certainty, court decisions, privately negotiated settlements, and concerns about the future outcomes of such lawsuits could result in outcomes that impact the industry as a whole. For example, such lawsuits could lead to changes in how real estate commissions are negotiated, calculated, or paid, which may in turn meaningfully impact how home buyers and sellers engage with real estate professionals in the course of buying and selling a home. Beyond the NAR Class Action and various similar private actions already pending, beginning in 2018, the DOJ commenced an investigation into NAR for violations of the federal antitrust laws. The DOJ and NAR appeared to reach a resolution in November 2020, resulting in the filing of a Complaint and Proposed Consent Judgment pursuant to which NAR agreed to adopt certain rule changes, such as increased disclosure of commission offers. The DOJ has since sought to continue its investigation of NAR, and the question of whether the earlier settlement forecloses further investigation is currently being litigated. It is uncertain what effect, if any, the resumption of the DOJ' s investigation could have on the larger real estate industry, including any further settlement that may result therefrom. Beyond monetary damages, the various class action suits seek to change real estate industry practices and, along with the DOJ investigation, have prompted state and local real estate boards or multiple listing services to discuss and consider changes to long- established rules and regulations. Although changes arising from these lawsuits and investigations are uncertain and challenging to predict, they could result in outcomes that materially impact our business, financial condition, and results of operations. For example, if agent commissions are meaningfully impacted, it could reduce the marketing budgets of real estate partners or reduce the number of real estate partners participating in the industry, which could adversely affect our financial condition and results of operations.** If Real Estate, Rental and Mortgage Professionals, Home Builders, Property Managers or Other Real Estate Partners Reduce or End Their ~~Advertising~~ Spending With Us or if We Are Unable to Effectively Manage Advertising **and Product** Inventory or Pricing, Our Business Could Be Harmed. Our business depends in part on revenue generated through sales of advertising **and other** products and services to real estate agents and brokerages, rental professionals, mortgage professionals, home builders, property managers, and other real estate partners in categories relevant to real estate (collectively, " real estate partners "). Our ability to attract and retain real estate partners, and ultimately to generate advertising revenue, depends on a number of factors, including how successfully we can: • increase the number of customers who use one or more of our products and services to effectuate transactions and the frequency of their use, provide them with tools to promote engagement between real estate market participants, and enhance their user experience so we can retain them; • offer an attractive return on investment to our real estate partners for their ~~advertising~~ spending with us; • continue to develop our ~~advertising~~ products and services to increase adoption by and engagement with our real estate partners; • keep pace with and anticipate changes in technology to provide industry- leading products and services to real estate partners and customers; and • compete effectively for advertising dollars with other options. **Residential** ~~Premier Agent~~ revenue accounted for ~~66~~ **75** % of total revenue for the year ended December 31, ~~2022~~ **2023** . This level of revenue concentration suggests that even modest decreases in individual spending across the real estate partner population, caused by actual or perceived decreases to return on investment, preference for a competitive **product or** service, or other factors, could have a significant negative impact on our ability to use proceeds **generated** from our ~~Premier Agent business~~ **Residential products and services** to invest in our other ~~businesses~~ **products and services** , which we view as a key competitive advantage. Any such decreases in spending could also adversely affect our results of operations. We do not have long- term contracts with many of our real estate partners. Our real estate partners could choose to modify or discontinue their relationships with us with little or no advance notice. For example, our auction- based account interface for Premier Agent partners allows agent partners to independently control the duration of their advertising commitments for varying terms. We may not succeed in retaining existing real estate partners' spending or capturing a greater share of such spending if we are unable to convince real estate partners of the effectiveness or superiority of our products as compared to alternatives. In addition, we continually evaluate and utilize various pricing and value delivery strategies in order to better align our revenue opportunities with the growth in usage of our mobile and web platforms and customer transactions. For example, we offer a pay for performance pricing model called " Flex " for Premier ~~Agent~~ **Agents** ~~advertising services~~ in certain markets. With the Flex model, Premier Agents are provided with validated leads at no initial cost and pay a performance advertising fee only when a real estate transaction is closed with one of the leads. With this pricing model, the transaction price represents variable consideration, as the amount to which we expect to be entitled varies based on the number of validated leads that convert into real estate transactions and the value of those transactions. To estimate variable consideration and revenue associated with the Flex model, we use a number of assumptions, including estimating the conversion rate of a lead to a real estate transaction, estimating the velocity of conversions and estimating the fee amounts likely to be received. We use similar performance ~~advertising~~ **based** models for our rentals pay per lease and StreetEasy Experts products. Our estimates of variable consideration are primarily developed based on historical data and our future expectations based on current market trends. Our estimation methodology may be inaccurate and some or all of the revenue we recognize when our performance obligations are satisfied may be reversed. Realization of performance ~~advertising~~ **- based** revenue is also dependent on accurate reporting and remittance by our partners. Future changes to our pricing or lead delivery methodologies for advertising services or product offerings may cause real estate partners to reduce or end their ~~advertising~~ **spending** with us or negatively impact our ability to manage revenue opportunities. If real estate partners reduce or end their ~~advertising~~ spending with us, or if we are unable to effectively manage inventory and pricing, our advertising revenue and business, results of operations and financial condition could be harmed. In addition, we use revenue generated from our real estate partners, in part, to fund our operations and investments in our ~~five~~ growth pillars ~~: touring, financing, seller solutions, enhancing our partner network, and integrating our services~~ . Significant decreases in revenue generated from our real estate partners may negatively impact our ability to fund operations and invest in our growth. We May Not Be Able to Maintain or Establish Relationships With Real Estate Brokerages, Real Estate Listing Aggregators, Multiple Listing Services, Property Management Companies, Home Builders and Other Third- Party Listing Providers, Which Could Limit the Information We Have to Power Our Products and Services. Our ability to attract customers to our mobile applications, websites and other tools depends to some degree on providing timely access to comprehensive and accurate real estate listings and information. To provide these listings and this information, we maintain relationships with real estate brokerages, real estate listing aggregators, multiple listing services (" MLSs "), property management companies, home builders, other third- party listing providers and homeowners and their real estate agents to include listing data in our services **(collectively, " real estate listing providers ")** . Many of our agreements with real estate listing providers may be terminated with limited notice or cause. Many of our competitors and other real estate websites have similar access to MLSs and listing data and may be able to source certain real estate information faster or more efficiently than we can. Another industry participant or group could create a new listings data service, which could impact the relative quality or quantity of information of our listing providers. The loss of existing relationships with **real estate** ~~MLSs and other~~ listing providers, whether due to termination of agreements, loss of MLS memberships, or otherwise, changes to our rights to use or timely access listing data or an inability to continue to add new listing providers or changes to the way real estate information is shared, may negatively impact our listing data quality. This could markedly decrease the quantity and quality of the **for** sale and rental **listing** data **and other real estate information that** we provide, reduce customer confidence in our products and services and cause customers to go elsewhere for real estate listings and information, which could severely harm our business, results of operations and financial condition. We May Not Be Able to Maintain or Establish Relationships With **Other** Data Providers, Which Could Limit the Information We Are Able to Provide to Our Customers and Impair Our Ability to Attract or Retain Customers. ~~We~~ **In addition to the information that we receive from real estate listing providers, we** obtain certain real estate data, such as transaction history, property descriptions, tax- assessed value and property taxes paid, under licenses from **other** third- party data providers **, including state and local governments** . We use this data to enable the development, maintenance and improvement of our marketplace and information services, including Zestimates, Rent Zestimates and our living database of homes. We have invested significant time and resources to develop proprietary algorithms, valuation models, software and practices to use and improve on this specific data. We may be unable to access certain of this data from vendors or government agencies if changes in local laws or regulations or other prohibitions on data sharing are implemented or because the quality and quantity of data available to these third parties changes **, or because we violate (or are perceived to have violated) the agreements under which we obtain such data** . We may also be unable to renew our licenses with these data providers or enter into new data license agreements, or we may be able to do so only on terms that are less favorable to us, which could harm our ability to continue to develop, maintain and improve these information services and could harm our business, results of operations and financial condition. If We Fail to Comply With the Rules and Compliance Requirements of MLSs, Our Access to and Use of Listings Data May Be Restricted or Terminated. Our subsidiaries that access and use listings data through MLS memberships (the " MLS Members ") must comply with each MLS' s rules ~~and~~ **,** compliance requirements **and data license agreements** to maintain their access to listings data and remain a member in good standing. Each MLS that the MLS Members belong to has adopted its own rules, policies, and agreement terms governing, among other things, how MLS data may be used and how listings data must be displayed on our websites and mobile applications. The MLS Members are also subject to compliance operations requirements and, as a result, must respond to **and resolve** complaints ~~lodged by~~ **or notices of non- compliance from** the MLS or other MLS participants on required timelines. The MLS rules and compliance requirements may not contemplate multi- jurisdictional licensed brokerage entities. MLS rules vary among markets and are in some cases inconsistent between MLSs, such that we are required to customize our websites, mobile applications, or services to accommodate differences between MLS rules **and compliance requirements** . Handling complaints received by the MLS Members across markets may create heightened operational or financial risks with short response and resolution deadlines. Complying with the rules and compliance requirements of each MLS requires significant investment, including personnel, technology and development resources, and the exercise of considerable judgment. Rules and compliance requirements of MLSs may be changed across markets, including potential for targeted changes **or interpretations** in response to our operations. If any of the MLS Members are deemed to be noncompliant with an MLS' s rules or to have provided improper responses to or resolution of complaints, they may face disciplinary sanctions by that MLS, which could include monetary fines, restricting **, suspending** or terminating our access to that MLS' s data, or other disciplinary measures. The loss or degradation of this listings data could materially and adversely affect traffic to our mobile applications and websites, which could severely harm our business, ~~results of operations and financial condition.~~ If Our Data Integrity Suffers Real or Perceived Harm,Customers and Real Estate Partners May Decrease Use or Cease Using Our Products and Services,and We May Be Subject to Legal Liability.Because homes represent significant investments,and many customer decisions regarding homes are data- driven,our ability to attract and retain customers and real estate partners to our products and services is dependent upon our ability to publish,and reputation for publishing,accurate and complete residential real estate information,including the output of proprietary models,through our mobile applications and websites.As discussed above,a significant amount of the data we publish on our mobile applications and websites is derived from third parties,and we have limited ability to control the quality of the information we receive from them.We also publish a significant amount of customer- generated content,and our tools and processes designed to ensure the accuracy,quality and legality of such content may not always be effective.Data we generate independently are subject to error,unauthorized modification by way of third- party viruses and other factors.As the volume of data we publish increases,and potential threats to data quality become more complex,the risk of harm to our data integrity also increases.If our data integrity suffers real or perceived harm,we may be subject to legal liability,reputational damage and customers and real estate partners may decrease their use or cease using our products and services,which would harm our **results of operations and financial condition.** results of operations and financial condition. If We Do Not Innovate or Provide High- Quality Products and Services That Deliver Efficient and Integrated Transaction Experiences to Our Customers and Real Estate Partners, Our Business Could Be Harmed. Our success depends on our continued innovation to provide new, and improve upon existing, products and services that make real estate transactions faster, easier and less stressful for our customers and provide value to real estate, rental and mortgage professionals, home buyers and **sellers and** our other real estate partners. As a result, we must continually invest significant resources in research and development to improve the attractiveness, competitiveness, and comprehensiveness of our products and services, enable smoother and more efficient real estate transactions, adapt to changes in technology and support new devices and operating systems. If we are unable to provide products and services that our customers want to use, on the devices they prefer, then those customers may become dissatisfied and use competitors' mobile applications, websites, products and services. If our customers begin to access more real estate information and services through other media and we fail to innovate, our business may be negatively impacted. If we are unable to continue offering high- quality, innovative products and services, we may be unable to attract additional customers and real estate partners or retain our current customers and real estate partners, which could harm our business, results of operations and financial condition. We Face Competition for ~~Customers~~ **Users** in the Real Estate Category, Which Could Impair Our Ability to Attract Users of Our Mobile Applications, Websites and Other Products and Services, Which Could Harm Our Business, Results of Operations and Financial Condition. Our business model depends on our ability to continue to attract ~~customers~~ **users** to our mobile applications, websites, real estate services and other services and enhance their engagement with our products and services in a cost- effective manner. In addition, our ability to be successful depends, in part, on attracting ~~customers~~ **users** who have historically shopped for or bought, sold, rented, or financed their homes through more traditional channels. New entrants continue to join the real estate space at a rapid pace and the tools and services for buying, selling, renting, or financing homes are significantly less developed than in other industries, such as books, music, travel and other ~~customer~~ **consumer** products. Our existing and potential competitors include companies that operate, or could develop, national and local real estate, rental, new construction, mortgage, and title and escrow businesses. Such competitors range from companies offering traditional offline advertising media, like newspapers, to **innovative** ~~new mobile- or web- only~~ technology companies and from real estate investors, like institutional investors and iBuyers, to mortgage lenders and title and settlement service providers. These companies could devote greater financial, technical and other resources than we have available to real estate services, sales, advertising or research and development, have a more accelerated time frame for deployment or leverage their existing customer bases and proprietary technologies to provide products and services that ~~customers~~ **users** might view as superior to our offerings. Any of our future or existing competitors may introduce different services or solutions that attract ~~customers~~ **users** or provide services or solutions similar to our own but with better branding or marketing resources. Any of our current or future competitors could merge with each other or a separate entity, which may enable them to compete with us even more vigorously and acquire ~~more~~ **a greater** share of customer transactions and engagement. In addition, search engines are always evolving and changes to their models or algorithms may negatively impact our placement or require greater investment of resources to optimize our placement and attract customers. If the use of online products and services for shopping, renting, buying, selling, or financing residential real estate does not continue to develop and grow or we are not able to continue to attract ~~customers~~ **users** to our mobile applications, websites, real estate services and other services, our business, results of operations and financial condition could be harmed. We May Not Be Able to Compete Successfully Against Our Existing or Future Competitors in Attracting Customers for Our Products and Services or Real Estate Partners, Which Could Harm Our Business, Results of Operations and Financial Condition. We face intense competition in each of our lines of business. We compete with a variety of real estate transaction service providers to attract customers engaging in real estate transactions and we also compete with traditional and online or mobile media sources to attract real estate partners. Please see " Competition " under Part 1, Item 1 of this Annual Report on Form 10- K for a general discussion of the competitive conditions in each of our businesses. Competitors for our real estate transaction services include rental listing service providers, real estate brokers, real estate investors, mortgage lenders, mortgage brokers, financial institutions, and title and settlement service providers. Many of these competitors may have considerable competitive advantages, including longer operating histories, more extensive financial resources, stronger brand equity, more industry experience and greater knowledge and expertise. As a result, these competitors may have an advantage in attracting customers, recruiting highly skilled personnel, and growing or maintaining their businesses. They may also provide customers with real estate transaction services and experiences superior to or more cost- effective than ours. We compete against mobile applications and websites dedicated to providing real estate, rental, new construction and mortgage information and services to real estate professionals and customers, major internet portals, general search engines, e- commerce and social media sites as well as other technology and media companies. We also compete for a share of our real estate partners' overall marketing budgets with traditional media such as television, magazines, newspapers and home / apartment guide publications, particularly with respect to advertising dollars spent at the local level by real estate professionals to advertise their qualifications and listings. Large companies with significant brand recognition have large numbers of direct sales personnel and substantial proprietary advertising inventory and mobile application and website traffic, which may provide a competitive advantage. To compete successfully for real estate transaction partners against future and existing competitors, we must continue to invest resources in developing our advertising platform and proving the effectiveness and relevance of our advertising products and services. Pressure from competitors seeking to acquire a greater share of our real estate partners' overall marketing budget could adversely affect our pricing and margins, lower our revenue and increase our research and development and marketing expenses. If we are unable to compete successfully against our existing or future competitors, we could lose or fail to gain customer transaction share and our business, results of operations or financial condition would be harmed. We Compete in a Dynamic Industry, and We May Invest Significant Resources to Pursue Strategies ~~and~~ **,** Develop New Products and Services **and Expand Existing Products Into New Markets** That Do Not Prove Effective. The industry for residential real estate transaction services, technology, information marketplaces and advertising is dynamic, and the expectations and behaviors of customers and professionals shift constantly and rapidly. We continue to learn a great deal about the behaviors and objectives of residential real estate market participants as the industry evolves and invest significant resources to develop, test and launch products and services to address the needs of the market and improve the home buying, selling, financing, building and renting experience. Changes or additions to our products and services **, including expansion of existing products and services into new markets,** may not attract or engage our customers, may reduce confidence in our products and services, may negatively impact the quality of our brands, may upset our partners or other industry participants, may expose us to increased market or legal and regulatory risks, may subject us to new laws and regulations, and may result in reduced investor confidence or otherwise harm our business **. For example, if MLSs or other real estate market participants engage in exclusionary conduct that limits our ability to effectively compete, it may negatively impact our business. On December 22, 2023, Zillow Group, Inc., and ShowingTime. com, LLC filed suit in the United States District Court of Arizona against Arizona Regional Multiple Listing Service, Inc., Multiple Listing Service, Inc., and MLS Aligned, LLC under federal antitrust laws to prevent the defendants from unlawfully attempting to monopolize the market for real estate showing management services in the geographic regions they control and from unlawfully conspiring to exclude or severely limit ShowingTime in those markets** . Further, if we do not realize the benefits we expect from the strategic relationships **or** we enter into **or acquisitions we complete** , our business could be harmed. Customers may prefer other service providers because they offer different or superior services or those services are easier to use, faster or more cost effective than our services. We may not successfully anticipate or keep pace with industry changes, and we may invest considerable financial, personnel and other resources to pursue strategies that do not ultimately prove effective such that our results of operations and financial condition may be harmed. If Zillow Home Loans is Unable to...... all of its interest rate risk. Natural Disasters **, Geopolitical Events** and Catastrophic Events May Disrupt Real Estate Markets, ~~Damage or Destroy Our Properties,~~ or Otherwise Harm Our Business. The occurrence of a significant natural disaster or other catastrophic event such as a pandemic, health crisis, earthquake, hurricane, windstorm, fire, flood, power loss, telecommunications failure, cyber- attack, **geopolitical instability,** war, civil unrest, terrorist attack or other similar event, may ~~damage or destroy our properties,~~ disrupt our operations, impair local and regional real estate markets or economies and negatively impact our business, results of operations and financial condition. For example, the COVID- 19 pandemic, including the reactions of governments, markets, and the general public to the COVID- 19 pandemic, caused adverse consequences for our business and results of operations. Zillow provides products and services to customers throughout the United States and to a lesser extent, in Canada. In addition, ~~through~~ Zillow Home Loans ~~, we are licensed to originate~~ **originates** loans in ~~48~~ **49** states and the District of Columbia. The occurrence of a natural disaster or other catastrophic event in any of these localities could have a significant negative impact on those real estate markets and the success of our business in the affected regions. Although the majority of our workforce has shifted to a distributed work environment, we maintain large employee populations, including those supporting our licensed operations, in Seattle, Washington; New York, New York; Atlanta, Georgia; San Francisco, California; Irvine, California ~~and~~ **;** Denver, Colorado **; Mexico City, Mexico and Belgrade, Serbia** . An earthquake or other natural disaster or catastrophic event in any of these cities could disrupt our engineering, sales, operations and / or mortgage origination teams and equipment critical to the operation of our business. Similarly, a significant natural disaster or other catastrophic event in any major United States city could negatively impact a large number of our real estate partners and customers and cause a decrease in our revenue or traffic. Business continuity and disaster recovery planning is important, and if we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster or catastrophic event, and successfully execute on those plans in the event of a disaster, catastrophic event, or other emergency, our business and reputation may be harmed. If Our Data Integrity Suffers Real or...... results of operations and financial condition. Our Dedication to Making Decisions Based Primarily on the Best Interests of Customers May Cause Us to Forgo Short- Term Gains. Our guiding principle is to build our business by making decisions based primarily on the best interests of our customers, which we believe has been essential to our success in increasing our customer growth rate and engagement and has served the long- term interests of our company and our shareholders. In the past, we have forgone, and we will in the future forgo, certain expansion or short- term revenue opportunities that we do not believe are in the best interests of customers, even if such decisions negatively impact our short- term results of operations. In addition, our philosophy of putting customers first may negatively impact our relationships with our existing or prospective real estate partners. This could result in a loss of real estate partners, which could harm our revenue and results of operations. For example, in November 2021, we announced plans to wind down Zillow Offers operations, in part, because it served too narrow a portion of our customers, instead opting to develop and offer other products and services primarily focused within our ~~five~~ **six** growth pillars. In addition, we require our Premier Agent partners to maintain a minimum customer experience score and if they fail to do so after a probation period, we have canceled advertising from those partners on our platforms. Our customer focus may also negatively impact our relationships with real estate brokerages, MLSs, and other industry participants on whom we rely for listings information. Zillow Home Loans and ~~Zillow Closing Services as well as~~ some of our business- to- business products, for example, may be perceived as impinging upon the business models of real estate agents, brokerages and lenders, which may cause them to terminate or decrease the scope of their relationships with us. Such risks could have a materially negative impact on our results of operations. Our principle of making decisions based primarily on the best interests of customers may not result in the long- term benefits that we expect, in which case our user traffic and engagement, business and results of operations could be harmed. We Are Subject to Disputes and Current or Proposed Rules and Regulations Regarding the Accuracy or Display of Our Zestimates and Rent Zestimates. We provide our customers with Zestimate and Rent Zestimate home and rental valuations. Zestimates are our estimated current market values of a home based on our proprietary automated valuation models that apply advanced algorithms to analyze our data; they are not appraisals. A Rent Zestimate is our estimated current monthly rental price of a home, using similar automated valuation models that we have designed to address the unique attributes of rental homes. We are, from time to time, involved in disputes with property owners and others who disagree with the accuracy or display of a Zestimate or Rent Zestimate, and such disputes may result in costly litigation in the future. Further, revisions to our automated valuation models, or the algorithms that underlie them, poor data quality, or other factors may cause certain Zestimates or Rent Zestimates to vary from expectations for those Zestimates or Rent Zestimates. Any such dispute or variation in Zestimates or Rent Zestimates could result in distraction from our business or potentially harm our reputation and financial condition. Among other things, we are also subject to proposed legislation that may impose liability or disclosure of our proprietary algorithms, which could impact our competitive advantage and potentially harm our financial position or business results. This legislation could also result in an increased occurrence of enforcement actions or legal disputes as discussed above. We Rely on the Performance of Highly Skilled Personnel, and if We Are Unable to Attract, Retain and Motivate Well- Qualified Employees, Our Business Could Be Harmed. We believe our success has depended, and continues to depend, on the efforts and talents of our management and our highly skilled team of employees, including our software engineers, ~~operations personnel~~ **data scientists, shared services staff** , loan officers, statisticians, marketing professionals and advertising sales staff. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The loss of any of our senior management or key employees could materially adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. The market for highly skilled personnel is very competitive. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. Furthermore, we have in the past and may in the future take measures in order to slow attrition. For example, to support retention of employees, in August 2022, we issued certain equity grants and repriced certain outstanding unvested stock options. If we do not succeed in attracting well- qualified employees, retaining and motivating existing employees in a cost- effective manner, or engaging in succession planning, our business could be harmed. We Have and May Continue to Make Acquisitions and Investments, Which Could Result in Operating Difficulties, Dilution and Other Harmful Consequences. We continue to evaluate a wide array of potential strategic opportunities, including acquisitions and investments. For example, we acquired ShowingTime. com, Inc. in September 2021, ~~and we acquired~~ VRX Media Group LLC in December 2022 **, Aryeo, Inc. in June 2023, Spruce Holdings, Inc. in September 2023, and Enchant, LLC, d / b / a Follow Up Boss, in December 2023** . Any transactions that we enter into could be material to our financial condition and results of operation. The transactions we pursue may not result in the intended benefits to our business, and we may not successfully evaluate or utilize the acquired products, technology, or personnel, or accurately forecast the financial impact of an acquisition transaction. The process of closing a transaction and integrating an acquired company, business or technology could create unforeseen operating difficulties and expenditures. Potential risks include: diversion of management time and focus from operating our business to acquisition closing and integration challenges; customer and industry acceptance of products and services offered by the acquired company; implementation or remediation of controls, procedures and policies at the acquired company; compliance with differing laws and regulations applicable to international jurisdictions, if applicable; coordination of product, engineering and sales and marketing functions; retention of employees from the acquired company; liability for activities of the acquired company before the acquisition; litigation or other claims arising in connection with the acquired company; and impairment charges associated with goodwill and other acquired intangible assets. For example, ~~during March 2020,~~ we **have** recognized ~~a non- cash~~ impairment ~~charge~~ **charges** ~~of $ 72 million~~ related to **certain acquired** ~~our Trulia trade names and trademarks~~ intangible ~~asset~~ **assets in the past** . Our failure to address these risks or problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business, results of operations and financial condition. Our Fraud Detection Processes and Information Security Systems May Not Successfully Detect All Fraudulent Activity by Third Parties Aimed at Our Employees or Customers, Which Could Adversely Affect Our Reputation and Business Results. Third- party actors have attempted in the past, and may attempt in the future, to conduct fraudulent activity by engaging with our customers by, for example, posting fake real estate and rental listings on our sites and attempting to solicit personal information or money from customers, and by engaging with our employees by, for example, making fake requests for transfer of funds or sensitive information. We make a large number of wire transfers in connection with loan and real estate closings and process sensitive personal data in connection with these transactions. We also enable certain rental transactions through our Zillow Rental Manager products, which may be separately subject to a risk of fraudulent activity. Though we have sophisticated fraud detection processes and have taken other measures to identify fraudulent activity on our mobile applications, websites and internal systems, we may not be able to detect and prevent all such activity. Similarly, the third parties we use to effectuate these transactions may fail to maintain adequate controls or systems to detect and prevent fraudulent activity. Persistent or pervasive fraudulent activity may cause customers and real estate partners to lose trust in us and decrease or terminate their usage of our products and services, or could result in financial loss, thereby harming our business and results of operations. We Are Subject to Multiple Risks Related to the Credit Card and Debit Card Payments We Accept. We accept payments through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees may require us to increase the prices we charge and increase our operating expenses, either of which could harm our business, financial condition and results of operations. We depend on processing vendors to complete credit and debit card transactions, both for payments owed to Zillow Group directly and for payments to other third parties, such as payments made between two third- party platform users such as renters and landlords in our rental payments product. If we or our processing vendors fail to maintain adequate systems for the authorization and processing of credit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. If these systems fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis or at all, our business, revenue, results of operations and financial condition could be harmed. In addition, if we add, eliminate or change any of our processing vendors, we may experience processing disruptions and increased operating expenses, either of which could harm our business, financial condition, or results of operations. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment- related data are compromised due to a breach of data, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card- related costs, each of which could harm our business, results of operations and financial condition. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. We are required to comply with payment card industry security standards. Failing to comply with those standards may violate payment card association operating rules, federal and state laws and regulations, and the terms of our contracts with payment processors. Any failure to comply fully also may subject us to fines, penalties, damages and civil liability, reputational risk and may result in the loss or impairment of our ability to accept credit and debit card payments. Further, there is no guarantee that such compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, card holders and transactions. If we are unable to maintain our chargeback rate or refund rates at acceptable levels, our processing vendors may increase our transaction fees or terminate their relationships with us. Any increases in our credit and debit card fees could harm our results of operations, particularly if we elect not to raise our rates for our service to offset the increase. The termination of our ability to process payments on any major credit or debit card could significantly impair our ability to operate our business. Some of Our Potential Losses May Not Be Covered by Insurance. We May Not Be Able to Obtain or Maintain Adequate Insurance Coverage.

We maintain insurance to cover costs and losses from certain risk exposures in the ordinary course of our operations, but our insurance may not cover 100 % of the costs and losses from all events. We are responsible for certain retentions and deductibles that vary by policy, and we may suffer losses that exceed our insurance coverage by a material amount. We may also incur costs or suffer losses arising from events against which we have no insurance coverage. In addition, large scale insurance market trends or the occurrence of adverse events in our business may raise our cost of procuring insurance or limit the amount or type of insurance we are able to secure. We may not be able to maintain our current coverage, or obtain new coverage in the future, on commercially reasonable terms or at all. **Our Business Subjects** ~~Environmentally Hazardous Conditions May Adversely Affect~~ Us **and Our Customers to Environmental Regulation, Which Creates Uncertainty Regarding Future Liabilities** . Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean- up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or property damage or other costs, including investigation and clean- up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, including homes previously held in our inventory in connection with Zillow Offers operations, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially and adversely affect us. Compliance with new or more stringent environmental and climate- related laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We cannot assure you that future laws, ordinances or regulations will not impose any material environmental or other liability to us. In addition, we may be required to comply with various local, state and federal fire, health, life- safety and similar regulations. Failure to comply with applicable laws and regulations could result in fines and / or damages, suspension of personnel, civil liability or other sanctions. If Our Security Measures or Technology Systems, or Those of Third Parties Upon Which We Rely, Are Compromised, We May Be Subject to Legal Claims and Suffer Significant Losses, and Customers May Curtail Use of Our Products and Services and Our Real Estate Partners May Reduce or Eliminate Their Advertising on Our Mobile Applications and Websites. Our products and services involve the transmission, processing, and / or storage of users' information, some of which may be private or include personally identifiable information such as social security numbers, financial account information, and credit card information. For example, our dotloop real estate transaction management software stores sensitive personal and financial information, our Mortech mortgage product and pricing software for mortgage professionals processes social security numbers, our rental applications product allows customers to obtain credit and background checks containing sensitive personal and financial information, and ~~both~~ Zillow Home Loans ~~and Zillow Closing Services~~ , our mortgage origination business **,** and **our** real estate closings business, ~~respectively,~~ receive, handle and transmit highly sensitive personal and financial information about ~~their~~ **its** customers. Cyber- attacks, malicious internet- based activity, online and offline fraud, administrative or technical failures and other similar activities threaten the confidentiality, integrity and availability of our information technology systems, including those of the third parties upon which we rely, and our sensitive data, including customer, employee and real estate partner data as well as intellectual property and other confidential business information, which could result in potential significant liability and litigation. Such threats are prevalent and continue to rise, are increasingly difficult to detect and come from a variety of sources, including traditional computer " hackers ", threat actors, " hacktivists ", organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states and nation- state- supported actors. Some actors now engage and are expected to continue to engage in cyber- attacks, including without limitation nation- state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber- attacks, that could materially disrupt our systems and operations, supply chain and ability to produce, sell and distribute our services. We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to social- engineering attacks (including through **deep fakes, which may be increasingly more difficult to identify as fake, and** phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial- of- service attacks (such as credential stuffing), credential ~~harvesting~~ **stuffing attacks** , personnel misconduct or error, ransomware attacks, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, **or** floods **, attacks enhanced or facilitated by AI,** and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations **, impact our ability to provide our products or services** , loss of sensitive data and income, reputational harm and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Outside parties may attempt to fraudulently induce employees, officers, directors, customers or real estate partners to disclose sensitive information in order to gain access to our information or our customers' or real estate partners' information, and our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to user error, malfeasance or other disruptions. If we experience compromises to our security that result in the loss or unauthorized disclosure of confidential information, our customers and real estate partners may lose trust in us, customers may decrease the use of our mobile applications or websites or stop using our mobile applications, websites, or services in their entirety, real estate partners may decrease or stop advertising on our mobile applications or websites, and we may be subject to legal claims and liability, government investigation and additional state and federal legal requirements. If we experience compromises to our security that result in the loss of availability of our data, our mobile applications, websites, or services may be unable to function at a level necessary to meet our customers' needs. Our reliance on vendors could introduce new cybersecurity risks and vulnerabilities, including supply- chain attacks, and other threats to our business operations. We engage a variety of vendors to process and store sensitive data, including certain customer information, some of which may be private or include personally identifiable information. We also depend on vendors to host many of the systems and infrastructure used to provide our products and services. Our ability to monitor these vendors' information security practices is limited and these vendors may not have adequate information security measures in place. If our vendors experience a security incident or other interruption, we could experience adverse consequences, including harm to our business, results of operations and financial condition. Further, a security breach at our vendor could be perceived by customers or our real estate partners as a breach of our systems and could result in damage to our reputation and expose us to other losses. While we may be entitled to damages if our vendors fail to satisfy their privacy or security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply- chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third- party partners' supply chains have not been compromised. Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of or access to our sensitive data of our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services. While we have ~~implemented~~ security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target, and may originate from less regulated and remote areas around the world, we may be unable to proactively address all these techniques or to implement adequate preventative measures. We **take steps to detect and remediate vulnerabilities, but we** may **not** be ~~unable~~ -- **able** ~~in the future~~ to detect **and remediate all** vulnerabilities ~~in our information technology systems~~ because ~~such~~ **the** threats and techniques change frequently and are often sophisticated in nature **. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. Unremediated high risk or critical vulnerabilities pose material risks to our business** . Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly and the disclosure or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits and inspections); additional reporting requirements and / or oversight; restrictions on processing sensitive data (including personal data); litigation (including class action claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations **(** including availability of data); financial loss and other similar harms. Any or all of these consequences could negatively impact our ability to attract new customers and increase engagement by existing customers, **prevent or** cause existing customers to ~~curtail or~~ stop **using** ~~use of~~ our products or services or close their accounts, **or** cause existing real estate partners to cancel their contracts, thereby harming our business, results of operations and financial condition **. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Additionally, sensitive information of the Company or our customers could be leaked, disclosed, or revealed as a result of or in connection with our employee' s', personnel' s, or vendor' s use of generative AI technologies** . Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages or claims related to our data privacy and information security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all or that such coverage will pay future claims. Any Significant Disruption in Service on Our Mobile Applications or Websites or in Our Network Could Damage Our Reputation and Brands, and Result in a Loss of Customers of Our Products and Services and of Our Real Estate Partners, Which Could Harm Our Business, Results of Operations and Financial Condition. Our brand, reputation and ability to attract customers and real estate partners and deliver quality products and services depend on the reliable performance of our network infrastructure and content delivery processes. Our mobile applications and websites are exposed to attempts to overload our servers with denial- of- service attacks or similar disruptions from unauthorized use of our computer systems. We have experienced minor interruptions in these systems in the past, including server failures that temporarily slowed the performance of our mobile applications and websites, and we may experience interruptions in the future. Interruptions in these systems, whether due to system failures, computer viruses, software errors or physical or electronic break- ins, could affect the security or availability of our products and services on our mobile applications and websites and prevent or inhibit the ability of customers to access or effect transactions using our services. Since our customers may rely on our products and services, including our real estate transaction services and customer relationship management tools, for important aspects of their personal lives and businesses, problems with the reliability, availability or security of our systems could damage our customers' businesses, harm our reputation, delay or inhibit a customer from completing a real estate transaction, result in a loss of customers of our products and services and of real estate partners and result in additional costs, any of which could harm our business, results of operations and financial condition. To deliver mobile and web Zillow Group brand content while ensuring scalability and redundancy, as well as internal support for our enterprise, we utilize both third- party web services for cloud computing and storage and shared data centers in **various locations across the United States** ~~Seattle, Washington, Ashburn, Virginia, and Santa Clara, California~~ . We do not own or control the operation of certain of these facilities. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of the foregoing events could result in damage to our systems and hardware or could cause them to fail completely, and our insurance may not cover such events or may be insufficient to compensate us for losses that may occur. A failure of our systems at one site could result in reduced functionality for our customers, and a total failure of our systems could cause our mobile applications or websites to be inaccessible or for us to be unable to carry out day- to- day operations. Problems faced by our third- party web- hosting providers with the telecommunications network providers with which they contract or with the systems by which they allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our third- party web- hosting providers could decide to close their facilities without adequate notice. Any financial difficulties, such as bankruptcy reorganization, faced by our third- party web- hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third- party web- hosting providers are unable to keep up with our growing needs for capacity, our customers, real estate partners and business could be harmed. In addition, if distribution channels for our mobile applications experience disruptions, such disruptions could adversely affect the ability of users and potential users to access or update our mobile applications, which could harm our business. We may not carry business interruption insurance sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business, which may result from interruptions in our service as a result of system failures. Any errors, defects, disruptions or other performance problems with our services could harm our reputation, business, results of operations and financial condition. We Rely Upon Certain Third- Party Services to Support Critical Functions of Our Business and Any Disruption of or Interference with our Use of those Third- Party Services Could Adversely Impact Our Operations and Our Business. A limited number of third- party services support essential functions of our business, including Amazon Web Services (" AWS ") and certain other cloud communications platform- as- a- service (" CPaaS "), Infrastructure- as- a- Service (" IaaS ") and Software- as- a- Service (" SaaS Services ") technologies hosted by third parties (together with CPaaS and IaaS, " Cloud Services "). AWS provides us with a distributed computing infrastructure platform for business operations, which is commonly referred to as a " cloud " computing service. Certain of our computer systems utilize data processing, storage capabilities and other services provided by AWS, and we currently run the vast majority of computing to power our mobile applications, websites, and other technology products and services on AWS **, as our preferred cloud provider** . In addition, we use Cloud Services to support important functions of our business, including enterprise resource planning, accounting, including revenue recognition, real estate transaction services, customer communications, and customer relationship management. We store a significant amount of information about our customers, real estate partners, employees, and business on AWS and in the Cloud Services, and we rely on these third- party service providers to provide services on a timely and effective basis. Their failure to perform as expected or as required by contract could result in significant disruptions and costs to our operations. In light of our reliance on AWS and Cloud Services, coupled with the complexity of obtaining replacement services, any disruption of **,** or interference with **, or change in terms that impacts** our use of **or the cost to use** these third- party services could adversely impact our operations and business. We Have and May Continue to be Subject to Outstanding Claims Related to Zillow Offers **and Zillow Closing Services** Following the Wind Down of **their Respective** ~~Our Zillow Offers~~ Operations. **We** ~~Although we concluded the wind down of our Zillow Offers operations in 2022, we~~ have and may in the future be subject to, claims, suits, government investigations, enforcement actions and proceedings arising from or related to Zillow Offers **or Zillow Closing Services** , including actions with respect to the purchase, renovation and resale of properties; Zillow Offers operations; **Zillow Closing Services operations;** and the subsequent wind down of operations ~~. For example~~ , ~~on March 10, 2022, May 5, 2022 and July 20, 2022 shareholder derivative suits were filed in the U. S. District Court for the Western District of Washington and on July 25, 2022, a shareholder derivative suit was filed in the Superior Court of the State of Washington, King County, against us and certain of our executive officers and directors seeking unspecified damages on behalf of us and certain other relief, such as reform to corporate governance practices. The plaintiffs (~~ including ~~us as a nominal defendant) allege, among other things, that the~~ **those matters** ~~defendants breached their fiduciary duties by failing to maintain an effective system of internal controls, which purportedly caused the losses we incurred when we decided~~ **described in Part II** ~~to wind down Zillow Offers operations. Plaintiffs also allege~~ , ~~among~~ **Item 8 in Note 16 under** ~~other~~ -- **the subsection titled " Legal** ~~things, violations of Section 14 (a) and Section 20 (a) of the Securities Exchange Act of 1934, as amended, insider trading and waste of corporate assets. On June 1, 2022 and September 14, 2022, the U. S. District Court for the Western District of Washington issued orders consolidating the three federal derivative suits and staying the consolidated action until further order of the court. On September 15, 2022, the Superior Court of the State of Washington entered a temporary stay in the state derivative suit, which stay was lifted on January 23, 2023. This and other similar claims, suits, government investigations, and proceedings~~ **Proceedings** ~~are inherently uncertain, and their results cannot be predicted with certainty~~ . Regardless of the outcome, any such legal proceedings can have an adverse impact on us because of legal costs, diversion of management and other personnel, and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in reputational harm, liability, fines, penalties, or sanctions, as well as judgments, consent decrees, or orders, which could in the future materially and adversely affect our business, operating results and financial condition. If Zillow Home Loans is Unable to Obtain and Maintain Sufficient Financing to Fund Its Origination of Mortgages or is Unable to Resell Mortgages on the Secondary Market,Our Mortgages Business and ~~the Mortgages Segment~~ Financial Results May Suffer.Zillow Home Loans funds substantially all of its lending operations using warehouse and loan repurchase facilities,intending to sell **substantially** all loans and corresponding servicing rights to third-party financial institutions,government- sponsored entities or mortgage servicing rights purchasers after a holding period.A substantial portion of the amounts available under these warehouse and loan repurchase facilities are not committed,meaning the applicable lender is not obligated to,but may in its discretion,advance loan funds beyond the committed amounts up to the maximum borrowing capacity.Zillow Home Loans' borrowings are then generally repaid with the proceeds it receives from mortgage sales.To maintain and grow its business,Zillow Home Loans depends,in part,on having sufficient borrowing capacity under its current facilities or obtaining additional borrowing capacity under new facilities.If Zillow Home Loans is not able to negotiate with its lenders to advance loan funds beyond the committed amounts under its warehouse and repurchase facilities or to otherwise obtain and maintain debt financing with sufficient capacity or flexibility on acceptable terms,and does not have sufficient available cash on hand,then Zillow Home Loans may be unable to maintain or increase the volume of mortgage loans that it originates,may be limited in the type or quantity of loans it can fund,may lose customers to other mortgage lenders and its business may suffer.If Zillow Home Loans is unable to form or retain relationships with third- party financial institutions to purchase its loans or is unable to comply with any covenant in its agreements with these institutions,or is unable to do so on acceptable terms,it may be unable to sell its loans on the secondary market on favorable terms or at all.If Zillow Home Loans is unable to sell its loans or is required to repurchase the loans from third parties,it may be required to hold the loans for investment or sell them at a discount.Zillow Home Loans Product Offerings May Not Meet Customers' Financing Needs,Which Could Cause Them to Use Other Lenders.Zillow Home Loans currently offers a number of mortgage products to customers including conventional conforming and non- conforming programs and government loan guarantee programs.Such offerings are subject to change based on various factors such as availability,business needs and customer demand.If these programs do not meet the financing needs of our customers,and we do not adapt to market changes and customer preferences,customers may opt to obtain financing from other lenders who offer different or more competitive rates or loan products.Similarly,if any of the government sponsored entities or government loan guarantee programs amend the terms of an existing loan program,cease offering the program,limit our ability to use the program or revoke the authority of Zillow Home Loans to offer such programs,we may have to make changes to or discontinue the mortgage products that we offer,which may negatively affect our business.Zillow Home Loans May Not Be Able to Continue to Grow its Mortgage Loan Origination Business,Which Could Negatively Affect Our Mortgages ~~Segment~~ **Business** ,Financial Condition and Results of Operations.The Zillow Home Loans mortgage loan origination business consists of providing purchase money loans to homebuyers and refinancing existing loans.The **volume of** ~~origination~~ **originations** of purchase money mortgage loans by Zillow Home Loans **and future growth** is ~~influenced~~ **impacted** by **,among** ~~customers purchasing homes using~~ other **things,awareness of Zillow Home Loans and use of other** Zillow products and services **during** ~~who elect to finance their home through Zillow Home Loans and traditional business clients in~~ the home buying **and selling** process ~~such as realtors and builders~~ .Changes to the other products and services that Zillow or its real estate partners provide ~~,such as with the prior wind down of Zillow Offers operations,~~ may negatively impact demand for Zillow Home Loans.In addition,our ability to secure relationships with traditional business clients may influence our ability to grow our loan origination business.Our production and ~~customer~~ **consumer** direct lending operations are also subject to overall market factors that can impact our ability to grow our loan production volume.For example, ~~higher~~ **volatile** interest rates **,affordability challenges** ,increased competition from new and existing market participants,reductions in the overall level of refinancing activity or slow growth in the level of new home purchase activity can impact our ability to continue to grow our loan production volumes,and we may be forced to accept lower margins in our respective businesses in order to continue to compete and keep our volume of activity consistent with past or projected levels.If we are unable to continue to grow our loan origination business,this could adversely affect our business.Zillow Home Loans Is Dependent on United States Government-Sponsored Entities and Government Agencies,and Any Actions by These Entities or Changes in These Entities or Their Operations Could Adversely Affect Our Mortgage Business,Liquidity,Financial Condition and Results of Operations.The ability of Zillow Home Loans to generate revenue through loan sales depends,in part,on its participation in programs administered by government agencies such as the United States Department of Housing and Urban Development' s Federal Housing Administration,the United States Department of Veterans Affairs,the United States Department of Agriculture,or government-sponsored entities (" GSEs ") such as the Federal National Mortgage Association (" Fannie Mae ") or the Federal Home Loan Mortgage Corporation (" Freddie Mac ").Presently,some of the loans Zillow Home Loans originates are sold on a direct basis to a GSE,while others are sold " whole loan " to individual investors on the secondary market.If any of these government agencies or GSEs limit Zillow Home Loans' ability to participate in any of these programs,or if the operation of any of these government agencies or GSEs or the programs they administer are eliminated or changed,our ~~Mortgages~~ **mortgages** ~~segment~~ **business** ,liquidity,financial condition,and results of operations may be adversely affected.A number of legislative proposals have been introduced in recent years that would wind down or phase out the GSEs,including proposals to end the conservatorship and privatize Fannie Mae and Freddie Mac.It is not possible to predict the scope and nature of the actions that the United States government,including the current administration,will ultimately take with respect to the GSEs.Any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and their regulators or the United States federal government,and any changes in leadership at any of these entities could adversely affect our ~~Mortgages~~ **mortgages** ~~segment~~ **business** and prospects.Any discontinuation of,or significant reduction in,the operation of Fannie Mae or Freddie Mac or any significant adverse change in their capital structure,financial condition,activity levels in the primary or secondary mortgage markets or underwriting criteria could materially and adversely affect our ~~Mortgages~~ **mortgages** ~~segment~~ **business** ,liquidity,financial condition,and results of operations.A discontinuation or reduction in the operations of the GSEs could also affect “ whole loan ” sales on the secondary market,as there is a potential that this could cause a sharp decline in investor appetite.Zillow Home Loans Operates in a Highly Regulated Industry,and Federal,State,and Local Laws and Regulations,Including Many That Are Continually Changing,Could Materially and Adversely Affect Our Business,Financial Condition and Results of Operations.Zillow Home Loans is required to comply with a wide array of federal,state and local laws and regulations that regulate,among other things,the manner in which it conducts its loan origination business.These regulations directly impact the Zillow Home Loans business and require constant compliance,monitoring and internal and external audits.Zillow Home Loans’ failure to operate effectively and in compliance with these laws,regulations and rules could subject us to lawsuits or governmental actions and damage our reputation,which could materially and adversely affect our business,financial condition and results of operations.For example,Zillow Home Loans’ failure to comply with these laws,regulations and rules may result in increased costs of doing business,changes to the way we operate our business,reduced payments by borrowers,modification of the original terms of loans,permanent forgiveness of debt,delays in the foreclosure process,forfeiture or refunds on fees collected on loan originations,increased servicing advances,litigation,reputational damage,enforcement actions,and repurchase and indemnification obligations.In addition,Zillow Homes Loans must ensure that our lending operations serve consumers in accordance with a variety of federal and state fair lending laws and regulations,including without limitation the Fair Housing Act,the Equal Credit Opportunity Act,the Home Mortgage Disclosure Act,and the prohibition against engaging in Unfair,Deceptive,or Abusive Acts or Practices pursuant to the Dodd- Frank Act **,Federal Trade Commission Act,and state corollaries** .Our inability to conduct our lending operations in compliance with fair lending laws and regulations may expose Zillow Home Loans to regulatory action,litigation,and reputational damage,among other things.Our Mortgages ~~Segment~~ **Business** is Impacted by Interest Rates.Changes in Prevailing Interest Rates May Have an Adverse Effect on ~~the~~ **Our** Financial Results ~~for~~ **.** Our ~~Mortgages Segment.The~~ financial performance ~~of our Mortgages segment~~ is directly affected by changes in prevailing interest rates and home prices,which in turn,impact the affordability of a home. ~~The~~ **Our** financial performance ~~of our Mortgages segment~~ may be adversely affected or be subject to substantial volatility because of changes in prevailing interest rates,which may be impacted by a number of factors.For example,in ~~2022~~ **recent years** ,due to inflationary pressures,there was an increased degree of uncertainty and unpredictability concerning current interest rates,future interest rates and potential negative interest rates,which had an adverse effect on the results of operations ~~for our Mortgages segment~~ .Consumer demand for certain mortgage products and loan types are frequently driven by changes in market conditions,interest rates,lender fees,and other transaction costs.If interest rates continue to rise **or remain elevated** ,our business could be adversely affected if we are unable to increase our share of purchase mortgages or if affordability challenges contract the total addressable market.In either case,our mortgage origination business and ~~the~~ **our** financial results ~~for our Mortgages segment~~ could be harmed.Zillow Home Loans uses derivatives and other instruments to reduce exposure to adverse changes in interest rates.Hedging interest rate risk is a complex process,requiring sophisticated models and constant monitoring.Zillow Home Loans’ hedging activity may fail to provide adequate coverage for interest rate exposure due to market volatility,hedging instruments that do not directly correlate with the interest rate risk exposure being hedged or counterparty defaults on obligations.Certain of our hedges related to newly originated mortgages may be subject to margin calls,which,if made,could adversely impact our liquidity. **There may be periods during which Zillow Home Loans elects not to hedge some or all of its interest rate risk.** We May Be Unable to Adequately Protect Our Intellectual Property, Which Could Harm the Value of Our Brands and Our Business. We regard our intellectual property as critical to our success, and we rely on trademark, copyright and patent law, trade secret protection and contracts to protect our proprietary rights. If we are not successful in protecting our intellectual property, the value of our brands and our business, results of operations and financial condition could be harmed. While we believe that our issued patents and pending patent applications help to protect our business, we cannot ensure that our operations do not, or will not, infringe valid, enforceable patents of third parties or that competitors will not devise new methods of competing with us that are not covered by our patents or patent applications. We cannot ensure that our patent applications will be approved, that any patents issued will adequately protect our intellectual property, that such patents will not be challenged by third parties or found to be invalid or unenforceable, or that our patents will be effective in preventing third parties from utilizing a “ copycat ” business model to offer the same products or services. ~~The~~ **Aspects of the** technology underlying our Zestimate home valuation **model** , for example, which we consider to be a trade secret affording us a key competitive advantage with respect to customer engagement, is currently protected by patents, the loss of which could benefit comparable services provided by our competitors and result in decreased user traffic and engagement with our mobile applications and websites, thereby harming our results of operations and financial condition. In addition to our patented technology, our Zestimate home valuation **model** uses a significant amount of proprietary, trade secret methodology. Any accidental disclosure, or disclosure in response to litigation or regulatory inquiries that do not include confidential information protection could harm our competitive advantage. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our products and services may be provided. The laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect intellectual property and our proprietary technology adequately against unauthorized third- party copying or use, which could harm our competitive position. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. These licensees may take actions that might diminish the value of our proprietary rights or harm our reputation, even if we have agreements prohibiting such activity. Though certain of these third parties are obligated to indemnify us for breaches of our intellectual property rights, they may be unable to meet these obligations. In addition, we rely on intellectual property and technology developed or licensed by third parties, and we may not be able to obtain licenses and technologies from these third parties on reasonable terms or at all. Any of these events could harm our business, results of operations or financial condition. In addition, we may actively pursue entities that infringe our intellectual property, including through legal action. Taking such action may be costly, and we cannot ensure that such actions will be successful. Any increase in the unauthorized use of our intellectual property could make it more expensive for us to do business and harm our results of operations or financial condition. **Similarly, we may not be able to adequately protect innovations resulting from generative artificial intelligence (" AI ") due to existing copyright and patent laws.** Intellectual Property Disputes Are Costly to Defend and Could Harm Our Business, Results of Operations, Financial Condition and Reputation. From time to time, we face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties ~~. We are currently subject to intellectual property infringement claims, including actions brought by International Business Machines Corporation. These claims allege, among other things, that aspects of our technology infringe upon the plaintiffs' intellectual property~~ . If we are not successful in defending ourselves against these claims, we may be required to pay damages and may be subject to injunctions, each of which could harm our business, results of operations, financial condition and reputation. As we grow our business and expand our operations, we expect that we will continue to be subject to intellectual property claims and allegations. Patent and other intellectual property disputes or litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products, services or features, purchase licenses that may be expensive to procure, or modify our products or services. In addition, patent or other intellectual property disputes or litigation may result in significant settlement costs. Any of these events could harm our business, results of operations, financial condition and reputation. In addition, we use open source software in our services and will continue to use open source software in the future. From time to time, we may be subject to claims brought against companies that incorporate open source software into their products or services, claiming ownership of, or demanding release of, the source code, the open source software and / or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, and we may be required to purchase a costly license or remove open source software, devote additional research and development resources to changing our products or services, make generally available the source code for our proprietary technology, or waive certain of our intellectual property rights, any of which would have a negative effect on our business and results of operations. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, the time and resources necessary to resolve them could harm our business, results of operations, financial condition and reputation. We May Be Unable to Continue to Use the Domain Names That We Use in Our Business, or Prevent Third Parties From Acquiring and Using Domain Names That Infringe on, Are Similar to, or Otherwise Decrease the Value of Our Brand or Our Trademarks or Service Marks. We have registered domain names for our websites that we use in our business. If we lose the ability to use a domain name, we may incur significant expenses to market our products and services under a new domain name, which could harm our business. In addition, our competitors could attempt to capitalize on our brand recognition by using domain names similar to ours. Domain names similar to ours have been registered in the United States and elsewhere. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks. Protecting and enforcing our rights in our domain names and determining the rights of others may require litigation, which could result in substantial costs and diversion of management' s attention. Proprietary Rights Agreements With Employees and Others May Not Adequately Prevent Disclosure of Trade Secrets and Other Proprietary Information. In order to protect our technologies and strategic business and operations information, we rely in part on proprietary rights agreements **and other assignment provisions** with our employees, independent contractors, vendors, licensees, and other third parties. These agreements may not be enough to fully mitigate the possibility of inadvertent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. The loss of trade secret protection could make it easier for third parties to compete with our products by copying functionality. Others may independently discover our trade secrets and proprietary information, and in such cases, we could not assert any trade secret rights against such parties. Further, if our employees, contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know- how and inventions. Any changes in, or unfavorable interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time- consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations, reputation and competitive position. We May Not Be Able to Halt the Operations of Websites That Aggregate or Misappropriate Our Data. From time to time, third parties have misappropriated our data through website scraping, robots or other means, and aggregated this data on their websites with data from other companies. In addition, copycat websites have misappropriated data on our network and attempted to imitate our brand or the functionality of our websites. When we have become aware of such websites, we have employed technological or legal measures in an attempt to halt their operations. We may not be able, however, to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against the impact of the operation of such websites. In addition, if such activity creates confusion among customers or real estate partners, our brands and business could be harmed. This misappropriation of data may also harm our relationships with any third party data providers who originally licensed the data to us, including potentially breaching our agreements with these third parties depending on the terms of each license agreement. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. Failure to Comply with Federal, State and Local Laws, Rules and Regulations or to Obtain and Maintain Required Licenses or Authorizations, Could Materially and Adversely Affect our Business, Financial Condition and Results of Operations. We provide products and services to customers and real estate partners in heavily regulated industries through a number of different channels across the United States and to some extent, in Canada. As a result, we are currently subject to a variety of, and may in the future become subject to additional or newly enacted, international, federal, state and local laws and regulations in various jurisdictions, which are subject to change at any time, including laws regarding the real estate, rental, mortgage and insurance industries, mobile and internet based businesses and other businesses that rely on advertising, as well as privacy, data security, and consumer protection laws, and employment laws. These laws are complex and can be costly to comply with, require significant management time and effort, and subject us to claims, government enforcement actions, civil and criminal liability or other remedies, including suspension of business operations. These laws may conflict with each other, and if we comply with the laws of one jurisdiction, it may require us to adjust our practices in other jurisdictions. Our distributed workforce may subject us to employment laws, including employment taxes, in many states and localities in the United States ~~, many provinces in Canada~~ and **certain foreign jurisdictions** ~~other locations where employees perform work~~ , and may increase the costs and expenses we incur to comply with or seek compliance with these laws. ~~Presence of our employees located in Serbia requires~~ **In addition, contingent workers engaged by the Company throughout the United States and other current and future global locations may subject** us to **laws and** ~~conform to employment, tax~~ **taxes** ~~and other applicable requirements~~ in ~~Serbia~~ **those jurisdictions** and may increase **the** costs and expenses we incur to comply ~~with or seek compliance with these requirements. In addition, our contingent workers throughout the United States, Canada and other current and future global locations may subject us to laws and taxes in those jurisdictions and may increase the costs and expenses we incur to imply~~ with applicable laws and maintain adequate protection of our rights, including intellectual property rights. In addition, by providing a medium through which users can post content and communicate with one another, we may also be subject to laws governing intellectual property ownership, obscenity, libel **, discrimination / hate speech, tenant screening** , and privacy, among other issues. The real estate agents, mortgage professionals, banks, property managers, rental agents and certain of our other customers and advertisers are subject to various state and federal laws and regulations, including, but not limited to those relating to real estate, rentals and mortgages, which may impact their use of our mobile applications and websites. We cannot ensure that these entities will comply with applicable laws and regulations, including any future changes to those laws and regulations, at all times. We endeavor to ensure that any content ~~created~~ **displayed** by Zillow Group is consistent with such laws and regulations by obtaining assurances of compliance from our advertisers and customers for their activities through, and the content they provide on, our mobile applications and websites. In connection with the real estate transaction products and services that we provide, we maintain real estate brokerage, title and escrow, mortgage broker, insurance agent / producer and mortgage lender licenses in the markets in which we operate those regulated products and services. Certain of our mortgage marketing products are operated by our wholly owned subsidiary, Zillow Group Marketplace, Inc., a licensed mortgage broker, and we originate residential mortgages through Zillow Home Loans, a licensed mortgage lender. Zillow Group Marketplace, Inc. and Zillow Home Loans are subject to stringent state and federal laws and regulations and to the scrutiny of state and federal government agencies as a licensed mortgage broker and licensed mortgage lender, respectively. Mortgage products are regulated at the state level by licensing authorities and administrative agencies, and also by the CFPB and other federal agencies. These laws generally regulate the manner in which lending and lending- related activities are marketed or made available, including advertising and other consumer disclosures, payments for services and record keeping requirements; these laws include but are not limited to the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act and various federal, state and local laws. The CFPB **and FTC** also ~~has~~ **have** broad authority to enforce prohibitions on practices that it deems to be unfair, deceptive or abusive. The growing **regulatory focus, in particular by the** CFPB ~~focus~~ **,** on artificial intelligence / automated underwriting, digital mortgage comparison shopping platforms, **dark patterns,** property valuation and marketing models, coupled with rapidly changing fair housing **and fair lending** enforcement priorities by the CFPB and other regulators may impact our ability to adapt our business and maintain compliance, which may affect our business operations, financial condition or results of operations. State laws may restrict the amount and nature of interest and fees that may be charged by a lender or mortgage broker, or otherwise regulate the manner in which lenders or mortgage brokers operate or advertise. We hold real estate brokerage licenses through multiple entities in multiple states and may apply for additional real estate brokerage licenses as needed to support our business. To maintain these licenses, we must comply with the requirements governing licensed real estate activities and brokerage- related businesses in the markets where we operate. We may be subject to additional local, state and federal laws and regulations governing residential real estate transactions, including those administered by the Department of Housing and Urban Development (“ HUD ”), and the states and municipalities in which we transact. Further, due to the geographic scope of our operations and the nature of the services we provide, certain of our other subsidiaries maintain title and escrow licenses in certain states in which we operate ~~, including in connection with Zillow Closing Services~~ . A number of our personnel are required to maintain individual real estate agent or broker licenses, title and escrow agent licenses **, insurance agent / producer** , mortgage broker, mortgage loan originator licenses and mortgage lender licenses. In addition, for certain company licenses that we hold, we are required to designate individual licensed brokers of record, qualified individuals and control persons. We cannot assure you that we, or our licensed personnel, are and will remain at all times, in full compliance with real estate, title and escrow, **insurance** and mortgage licensing and consumer protection laws and regulations and we may be subject to fines or penalties in the event of any non- compliance. If we, or our licensed personnel, apply for new licenses, we may become subject to additional licensing requirements, which we may not be in compliance with at all times. If in the future a state agency were to determine that we, or our licensed personnel, are required to obtain additional licenses in that state in order to operate our business, or if we or our licensed personnel lose or do not renew an existing license or are otherwise found to be in violation of a law or regulation, we or our licensed personnel may be subject to fines or legal penalties, lawsuits, enforcement actions, void contracts, or our business operations in that state may be suspended or prohibited. Compliance with these laws and regulations is complicated and costly and may inhibit our ability to innovate or grow. Zillow Home Loans operates its Federal Housing Administration loan program under authority granted by HUD. In the event that HUD determines that Zillow Home Loans has failed or refused to comply with all relevant terms and conditions necessary to maintain its authority active and in good standing, then such authority could be suspended, revoked or materially altered, which would materially and adversely affect the ability of Zillow Home Loans to conduct its business. If we are unable to comply with these laws or regulations in a cost- effective manner, we may modify impacted products and services, which could require a substantial investment and loss of revenue, or require that we cease providing the impacted product or service altogether. If we are found to have violated laws or regulations, we may be subject to significant fines, penalties, and other losses. We Are Subject to Stringent and Evolving Laws, Regulations, Rules, Contractual Obligations, Policies and Other Obligations Related to Data Privacy and Security in the United States and Canada and May Be Subject to Similar Data Privacy and Security Obligations in Other Jurisdictions Where We Have Operations and / or Vendors. Our Actual or Perceived Failure to Comply With Such Obligations Could Lead to Regulatory Investigations or Actions; Litigation **(Including Class Claims) and Mass Arbitration Demands** ; Fines and Penalties; Disruptions of Our Business Operations; Reputational Harm; Loss of Revenue or Profits; Loss of Customers and Other Adverse Business Consequences. In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, processing) personal data and other sensitive data, which may include proprietary and confidential business data, trade secrets, intellectual property, sensitive third- party data, business plans, transactions, social security numbers, financial account information, and credit card information. Our data processing activities ~~may~~ subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e. g., Section 5 of the Federal Trade Commission Act), and other similar laws (e. g., wiretapping laws). For example, the California Consumer Privacy Act of 2018 **, as amended by the California Privacy Rights Act of 2020** (**" CPRA "), (collectively,** " CCPA ") **applies to personal information of consumers, business representatives, and employees who are California residents, and** requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights **, such as those noted below** . The CCPA provides for civil penalties of up to $ 7, 500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the ~~California Privacy Rights Act of 2020 ("~~ CPRA ~~"), which becomes operative January 1, 2023, will expand~~ **expanded** the CCPA' s requirements, including ~~applying~~ **by adding a new right for individuals** to **correct their** personal information ~~of business representatives and employees~~ and establishing a new regulatory agency to implement and enforce the law. Other states, such as Virginia, Colorado, Connecticut and Utah, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels **. These state laws and the CCPA provide individuals with certain rights concerning their personal information, including the right to access, correct, or delete certain personal information, and opt- out of certain data processing activities, such as targeted advertising, profiling, and automated decision- making. The exercise of these rights may impact our business and ability to provide our products and services** . We also have operations outside of the United States, including in Canada, and Canada' s Personal Information Protection and Electronic Documents Act (" PIPEDA ") imposes strict requirements for processing personal data and there are also various provincial and territorial privacy laws that govern the protection of personal data. These developments may further complicate compliance efforts and may increase legal risk and compliance costs for us and the third parties upon whom we rely. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the Telephone Consumer Protection Act, the Telemarketing Sales Rule, the Controlling the Assault of Non- Solicited Pornography and Marketing Act, and similar state consumer protection laws **, as well as requirements imposed by private parties such as telecommunications carriers** . We also assist with the processing of customer credit card transactions and consumer credit report requests, originate mortgage loans, perform real estate closings and provide other product offerings, which results in us receiving or facilitating transmission of personally identifiable information. Processing of this type of information is increasingly subject to legislation and regulation in the United States, including under the Fair Credit Reporting Act and the Gramm- Leach- Bliley Act. These laws and regulations are generally intended to protect the privacy and security of personal information, including credit card information that is collected, processed and transmitted. We could be adversely affected if government regulations require us to significantly change our business practices with respect to this type of information or if the third parties that we engage with to provide processing and screening services violate applicable laws and regulations. Further, restrictions implemented on the platforms through which our websites and applications are accessed, such as mobile operating systems, may impede the effectiveness of our marketing efforts and ability to measure the effectiveness of those efforts, reducing our ability to market our products and services and grow our customer base. A number of states have in place laws regulating the interception of electronic communications; if a court were to conclude that our monitoring of user activity violates such laws, our ability to understand our customers, and therefore the effectiveness of our product offerings and marketing efforts, could be reduced **. Our employees and personnel use generative AI technologies to perform their work, and the disclosure and use of personal information in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, copyright infringement claims, and consumer lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages** . In addition to data privacy and security laws, we may be contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. We may also be bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, we may be subject to the Payment Card Industry Data Security Standard (" PCI DSS ") requirements.

The PCI DSS requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Noncompliance with PCI- DSS can result in penalties ranging from $ 5, 000 to $ 100, 000 per month by credit card companies, litigation, damage to our reputation, and revenue losses. We may also rely on vendors to process payment card data; those vendors may be subject to PCI DSS, and our business may be negatively affected if our vendors are fined or suffer other consequences as a result of PCI DSS noncompliance. We may publish privacy notices, marketing materials, and other statements, such as compliance with certain certifications or self- regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences. Obligations related to data privacy and security **(and consumers' data privacy expectations)** are quickly changing, becoming increasingly stringent, and creating ~~regulatory~~ uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e. g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class- action claims) **and mass arbitration demands** ; additional reporting requirements and / or oversight; bans on processing personal data; and orders to destroy or not use personal data **. In particular, plaintiffs have become increasingly more active in bringing privacy- related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations** . Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products and services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations. We are From Time to Time Involved In, or May in the Future be Subject to, Claims, Suits, Government Investigations, and Other Proceedings That May Result in Adverse Outcomes. We are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, enforcement actions and proceedings arising from our business, including actions with respect to intellectual property, privacy, consumer protection, information security, mortgage brokering, mortgage origination, real estate, real estate brokerage, environmental, data protection, antitrust, the Real Estate Settlement Procedures Act of 1974 (RESPA), fair housing or fair lending, compliance with securities laws, or law enforcement matters, tax matters, labor and employment, and commercial claims, as well as actions involving content generated by our customers, shareholder derivative actions, purported class action lawsuits, and other matters, including those matters described in Part II, Item 8 in Note ~~18~~ **16** under the subsection titled " Legal Proceedings " in our Notes to Consolidated Financial Statements in this Annual Report on Form 10- K. Such claims, suits, government investigations, and proceedings are inherently uncertain, and their results cannot be predicted with certainty. Regardless of the outcome, any such legal proceedings can have an adverse impact on us because of legal costs, diversion of management and other personnel, and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in reputational harm, liability, fines, penalties, or sanctions, as well as judgments, consent decrees, or orders preventing us from offering certain features, functionalities, products, or services, or requiring a change in our business practices, products or technologies, which could in the future materially and adversely affect our business, operating results and financial condition. In some instances, third parties may have an obligation to indemnify us for liabilities related to litigation or governmental investigations, and they may be unable to, or fail to, fulfill such obligations. If such third parties failed to indemnify us, we may be financially responsible, which could adversely affect our financial condition and cash flow. We Incurred Significant Operating Losses in the Past and We May Not Be Able to Generate Sufficient Revenue to Be Profitable Over the Long Term. We have incurred significant net operating losses in the past and, as of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ 1. ~~6~~ **8** billion. It is possible that our growth rate may decline in the future as the result of a variety of factors, including the maturation of our business or if we are unable to successfully execute on our growth strategy. At the same time, we also expect certain of our costs to increase in future periods as we continue to expend substantial financial resources to develop and expand our business, **which may** ~~including~~ **include** ~~with respect to~~ : • expansion of Zillow Home Loans; • product and services development; • sales and marketing; • technology infrastructure; • strategic opportunities, including commercial relationships and acquisitions; and • general and administrative expenses, including legal and accounting expenses related to being a public company. These investments may not result in increased revenue or growth in our business. If we fail to continue to grow our revenue and overall business and to manage our expenses, we may incur significant losses in the future and not be able to achieve or maintain profitability. A failure by Zillow Home Loans to operate at a profit could also place its Federal Housing Administration Title II lender authorization in jeopardy, adversely impact our relationship with Fannie Mae and Freddie Mac, limit our ability to sell loans to third party financial institutions and may adversely impact our ability to utilize our loan repurchase facilities and warehouse lines of credit. Any such adverse impacts could threaten Zillow Home Loans' ability to continue operations. Servicing Our Debt Requires a Significant Amount of Cash, and We May Not Have Sufficient Cash Flow From Our Business to Pay Our Substantial Debt, Settle Conversions of Our Convertible Senior Notes, or Repurchase Our Convertible Senior Notes Upon a Fundamental Change. We utilize several forms of debt to provide capital for the continued growth and operation of our business, such as tranches of convertible senior notes and warehouse and repurchase facilities for Zillow Home Loans. Our indebtedness includes ~~the~~ $ 608 million aggregate principal amount under our Convertible Senior Notes due in 2024 (the " 2024 Notes "), ~~the~~ $ ~~565~~ **507** million aggregate principal amount under our Convertible Senior Notes due in 2025 (the " 2025 Notes "), ~~the~~ $ 499 million aggregate principal amount under our Convertible Senior Notes due in 2026 (the " 2026 Notes "), and mortgage ~~debt~~ **credit** facilities (aggregate maximum borrowing capacity of $ 250 million as of December 31, ~~2022~~ **2023**). Our ability to make payments on the principal of, to pay interest on **,** or to refinance our indebtedness depends on our future performance and, if applicable, the value of collateral, which is subject to economic, industry, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to extend or refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, including our convertible senior notes, credit facilities, or otherwise. Holders of our convertible senior notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a repurchase price equal to 100 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest. Holders of our convertible senior notes may elect to convert their notes at various times and pursuant to specific circumstances, as provided in the corresponding indenture. When such an election is made, we may opt to settle any such conversion by delivering solely shares of our Class C capital stock, solely cash payments, or a combination of Class C capital stock and cash payments after consideration of various factors, including the price of our Class C capital stock, market factors, liquidity, and the needs of our business. Upon conversion of our convertible senior notes, unless we elect to deliver solely shares of our Class C capital stock to settle such conversion (other than paying cash in lieu of delivering any fractional ~~share~~ **shares**), we will be required to make cash payments in respect of the notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the notes surrendered therefore or at the time the notes are being converted. Our failure to repurchase our convertible senior notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the notes would constitute an event of default. If the repayment of any indebtedness were to be accelerated because of such event of default (whether under the notes or otherwise), we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof. An event of default under the indenture may lead to an acceleration of our convertible senior notes. Any such acceleration could result in our bankruptcy. In a bankruptcy, the holders of our convertible senior notes would have a claim to our assets that is senior to the claims of our equity holders. In addition, our significant indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could: • make us more vulnerable to adverse changes in general United States and worldwide economic, industry and competitive conditions and adverse changes in government regulation; • limit our flexibility in planning for, or reacting to, changes in our business and our industry; • place us at a disadvantage compared to our competitors who have less debt; and • limit our ability to borrow additional amounts for working capital and other general corporate purposes, including to fund possible acquisitions of, or investments in, complementary businesses, products, services and technologies. Any of these factors could materially and adversely affect our business, financial condition and results of operations. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. The Credit and Debt Facilities that Provide Capital for Zillow Home Loans Include Covenants and Other Provisions that May Restrict Our Operating Activities, and Have a Material Effect on Our Liquidity. They Also Incorporate Variable Interest Rates that May Subject Us to Interest Rate Risk, Which Could Cause Our Debt Service Obligations to Increase Significantly. Zillow Home Loans has entered into warehouse financing agreements, including ~~credit and~~ repurchase agreements, to provide capital for the growth and operation of our mortgage origination businesses. The terms of these warehouse financing agreements and related financing documents require Zillow Home Loans to comply with a number of customary financial and other covenants, such as maintaining certain levels of liquidity, tangible net worth, leverage ratios, net income and adequate insurance coverage. These covenants may limit our operational flexibility and may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our shareholders. Additionally, undrawn amounts are **generally** not committed, meaning the applicable lender ~~is~~ **may** not **be** obligated to advance loan funds in excess of outstanding borrowings. Refer to Note ~~13~~ **11** of our Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10- K for additional information on our Zillow Home Loans warehouse financing facilities. Upon the occurrence of any event of default under these warehouse financing agreements, the lenders could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable, even in the absence of a payment default. A default under one of our warehouse financing agreements could result in a cross- default under other warehouse financing agreements and our lenders could elect to declare outstanding amounts due and payable or terminate their commitments. If we fail to repay the amounts due under our warehouse financing agreements, the lenders of such warehouse financing agreements may proceed against the collateral granted to secure the credit facilities. The majority of loans originated by Zillow Home Loans are pledged as collateral to secure such indebtedness. As a result, a default under applicable debt covenants could have an adverse effect on our financial condition or results of operations. Certain of our debt agreements are subject to margin calls based on the lender' s opinion of the value of the collateral securing such financing. A margin call would require the borrower to repay a portion of the outstanding borrowings. A large, unanticipated margin call could have a material effect on our liquidity. At December 31, ~~2022~~ **2023** , $ ~~37~~ **93** million of our borrowings under our warehouse financing agreements was at variable rates of interest, thereby exposing us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net loss would increase. We May Need to Raise Additional Capital to Grow

Our Business and We May Not Be Able to Raise Additional Capital on Terms Acceptable to Us, or At All. Growing and operating our business, including through the development of new and enhanced products and services, may require significant cash outlays, liquidity reserves and capital expenditures. If cash on hand, cash generated from operations and cash equivalents and investment balances are not sufficient to meet our cash and liquidity needs or fund future growth and development, we may need to seek additional capital and we may not be able to raise the necessary cash on terms acceptable to us, or at all. Refer to Note ~~13~~ **11** of our Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10- K for additional information on our warehouse and loan repurchase facilities. In addition, in February 2021, we entered into an Equity Distribution Agreement pursuant to which we may offer and sell from time to time, through certain financial institutions, shares of our Class C capital stock having an aggregate gross sales price of up to $ 1 billion, and **in July** ~~as of November 2022~~ **2023** , ~~our~~ **the** ~~board~~ **Board** ~~of directors has~~ authorized the repurchase of up to **an additional** ~~a total of~~ $ **750** ~~1. 8 billion~~ **million** of our Class A common stock, Class C capital stock, ~~a combination thereof, or our~~ outstanding convertible senior notes **or a combination thereof to bring our total authorized repurchases to $ 2. 5 billion as of December 31, 2023** . We may decide to raise additional capital or repurchase outstanding stock or debt through these arrangements at levels or under terms that prove to be unfavorable or at times and share prices that prove to be disadvantageous based on changes in market conditions. Such decisions may negatively impact our financial position and / or future ability to raise capital. Financing arrangements we maintain, pursue or assume may require us to grant certain rights, take certain actions, or agree to certain restrictions, that could negatively impact our business. If additional capital is not available to us on terms acceptable to us or at all, we may need to modify our business plans, which would harm our ability to grow our operations. We Rely on Assumptions, Estimates, and Business Data to Calculate our Key Performance Indicators and Other Business Metrics, and Real or Perceived Inaccuracies in These Metrics May Harm our Reputation and Negatively Affect our Business. Certain of our performance metrics are calculated using third party applications or internal company data that have not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring such information. For example, our measurement of visits and unique users may be affected by applications that automatically contact our servers to access our mobile applications and websites with no user action involved, and this activity can cause our system to count the user associated with such a device as a unique user or as a visit on the day such contact occurs. **In addition, our measurement of customer transactions may be affected by the availability and quality of public records and other data used to estimate the number of customer transactions attributable to our products and services.** We regularly review and may adjust our processes for calculating our performance metrics to improve accuracy. Our measure of certain metrics may differ from estimates published by third parties or from similarly- titled metrics of our competitors due to differences in methodology. If real estate professionals, our real estate partners or investors do not perceive our visits ~~or~~ **,** unique users **, or customer transactions** to be an accurate representation of our user engagement **and conversion to transactions** , or if we discover material inaccuracies in our visits ~~or~~ **,** unique users **, or customer transactions** , our reputation may be harmed, and real estate professionals and advertisers may be less willing to allocate their resources to our products and services, which could negatively affect our business and operating results. We Expect Our Results of Operations to Fluctuate on a Quarterly and Annual Basis. Our revenue and results of operations could vary significantly from period to period and may fail to match expectations as a result of a variety of factors, some of which are outside our control. The other risk factors discussed in this " Risk Factors " section may contribute to the variability of our quarterly and annual results. In addition, our results may fluctuate as a result of seasonal variances of home sales, which historically peak in the spring and summer seasons, fluctuations in the quantity of homes available, our remnant advertising, and the size and seasonal variability of our real estate partners' marketing budgets. The seasonal variance and cyclical nature of home sales may contribute to the variability of our revenue and results of operations for our Mortgages ~~segment~~ **business** , in particular, which seasonality may be masked by ~~segment~~ **business** growth. As a result of the potential variations in our revenue and results of operations, period- to- period comparisons may not be meaningful and the results of any one period should not be relied on as an indication of future performance. In addition, our results of operations may not meet the expectations of investors or public market analysts who follow us, which may adversely affect our stock price. We Could Be Subject to Additional Tax Liabilities. We are subject to income taxes in the United States (federal and state) ~~, Canada,~~ and ~~Serbia~~ **certain foreign jurisdictions** . Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions. New tax laws, regulations and administrative practices could be enacted or adopted at any time, and existing tax laws, regulations and administrative practices could be interpreted, modified or applied adversely to us, possibly with retroactive effect. These changes could require us to pay additional taxes, penalties, interest and other related costs, and also could increase our compliance, operating and other costs ~~. For instance, the recently enacted Inflation Reduction Act imposes, among other rules, a 15 % minimum tax on the book income of certain large corporations and a 1 % excise tax on certain corporate stock repurchases~~ . Significant judgment is required in evaluating and estimating the taxes imposed under such tax laws. Our effective tax rates could be affected by numerous factors, such as entry into new businesses and geographies, changes to our existing business and operations, acquisitions and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles, and interpretations. We are required to take positions regarding the interpretation of complex statutory and regulatory tax rules and on valuation matters that are subject to uncertainty, and the Internal Revenue Service or other tax authorities may challenge the positions we take. Our Ability to Use Our Net Operating Loss Carryforwards and Certain Other Tax Attributes May Be Limited. We have incurred losses during our history. To the extent that we continue to generate losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. Under the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, United States federal net operating loss carryforwards generated in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020 is limited to 80 % of taxable income. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the " Code "), if a corporation undergoes an " ownership change ", the corporation' s ability to use its pre- change net operating loss carryforwards and other pre- change tax attributes, such as research and development credits, to offset its post- change taxable income or income tax liability may be limited. An " ownership change " occurs for these purposes if one or more shareholders (including certain groups of shareholders) that each owns at least 5 % of the corporation' s stock by value increase their aggregate ownership by more than 50 percentage points over their lowest ownership percentages within a rolling three- year period. Similar rules may apply under state tax laws. We have undergone ownership changes in the past, and we may experience ownership changes in the future because of shifts in our stock ownership, many of which are outside of our control. As a result, if we achieve profitability, our ability to use our net operating loss carryforwards and other tax attributes to offset future United States federal taxable income or income tax liabilities may be, or may become, subject to limitations, which could result in increased future tax liability to us. Our Class A Common Stock and Class C Capital Stock Prices May Be Volatile, and the Value of an Investment in Our Class A Common Stock and Class C Capital Stock May Decline. An active, liquid and orderly market for our Class A common stock and Class C capital stock may not be sustained, which could depress the trading price of our Class A common stock and Class C capital stock. The trading price of our Class A common stock and Class C capital stock has at times experienced price volatility and may continue to be volatile. For example, during the last three fiscal years ending December 31, ~~2022~~ **2023** , the closing price of our Class A common stock has ranged from $ ~~23~~ **27** . ~~51~~ **02** per share to $ 203. 79 per share. During the same time period, the closing price of our Class C capital stock has ranged from $ ~~25~~ **26** . ~~01~~ **97** per share to $ 199. 90 per share. The market price of our Class A common stock and Class C capital stock could be subject to wide fluctuations in response to many of the risk factors discussed in this Annual Report on Form 10- K and others beyond our control, including: • actual or anticipated fluctuations in our financial condition and results of operations; • changes in projected operational and financial results; • addition or loss of significant customers; • actual or anticipated changes in our growth rate relative to that of our competitors; • announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital- raising activities or commitments; • announcements of technological innovations or new offerings by us or our competitors; • additions or departures of key personnel; • changes in laws or regulations applicable to our services; • fluctuations in the valuation of companies perceived by investors to be comparable to us; • the inclusion, exclusion, or deletion of our Class A common stock and Class C capital stock from any trading indices, such as the S & P 500 Index; • issuance of new or updated research or reports by securities analysts; • sales of our Class A common stock and Class C capital stock by us or our shareholders; • repurchases of our Class A common stock and Class C capital stock by us or our shareholders; • issuances of our Class C capital stock upon conversion of our 2024 Notes, 2025 Notes or 2026 Notes; • stock price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and • general economic and market conditions. Furthermore, the stock markets in recent years have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of the equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, changes to federal monetary policy, interest rates or international currency fluctuations, may negatively impact the market price of our Class A common stock and Class C capital stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We have in the past been and are currently the target of this type of litigation, and we may continue to be the target of this type of litigation in the future. Past, current, and future securities litigation against us could result in substantial costs and divert management' s attention from other business concerns, which could harm our business, results of operations or financial condition. The Structure of Our Capital Stock as Contained in Our Charter Documents Has the Effect of Concentrating Voting Control With Our Founders, and Limits Your Ability to Influence Corporate Matters. Since Zillow Group' s inception, our capital structure has included authorized Class A common stock and authorized Class B common stock. Our Class A common stock entitles its holder to one vote per share, and our Class B common stock entitles its holder to 10 votes per share. All shares of Class B common stock have been and are held or controlled by our founders, Richard Barton and Lloyd Frink. As of December 31, ~~2022~~ **2023** , Mr. Barton' s holdings and Mr. Frink' s holdings represented approximately ~~31~~ **32** . ~~6~~ **2** % and 20. ~~5~~ **9** %, respectively, of the voting power of our outstanding capital stock. For the foreseeable future, Mr. Barton and Mr. Frink will therefore have significant control over our management and affairs and will be able to control most matters requiring shareholder approval, including the election or removal (with or without cause) of directors and the approval of any significant corporate transaction, such as a merger or other sale of us or our assets. In addition, because our Class C capital stock carries no voting rights (except as required by applicable law or as expressly provided in our amended and restated articles of incorporation), the issuance of Class C capital stock (instead of Class A common stock) could prolong the duration of Mr. Barton' s and Mr. Frink' s relative ownership of our voting power. This concentrated control could delay, defer or prevent a change of control, merger, consolidation, takeover, or other business combination involving us that you, as a shareholder, may otherwise support. This concentrated control could also discourage a potential investor from acquiring our Class A common stock or Class C capital stock due to the limited voting power of such stock relative to the Class B common stock and might harm the market price of our Class A common stock and Class C capital stock. Future Sales of Our Stock in the Public Market Could Cause Our Stock Price to Decline. We cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the prevailing trading price of our Class A common stock and Class C capital stock from time to time. There is currently no contractual restriction on our ability to issue additional shares, and all of our outstanding shares are generally freely tradable, except for shares held by our " affiliates " as defined in Rule 144 under the Securities Act of 1933, as amended, which may be sold in compliance with the volume restrictions of Rule 144. Sales of a substantial number of shares of our Class A common stock and Class C capital stock could cause our stock price to decline. In addition, we may in the future issue shares of Class C capital stock for financings, acquisitions, equity incentives, including under our Equity Distribution Agreement or to settle our outstanding convertible notes. If we issue shares of Class C capital stock in the future, such issuances would have a dilutive effect on the economic interest of our Class A common stock. **We Cannot Guarantee that Our Securities Repurchase Program Will Enhance Shareholder Value, and Repurchases Could Affect the Price of Our Class A Common Stock, Class C Capital Stock and Convertible Senior Notes. Prior to July 31, 2023, our board of directors authorized the repurchase of up to $ 1. 8 billion of our Class A common stock, Class C capital stock, outstanding convertible senior notes or a combination thereof. On July 31, 2023, our board authorized an additional $ 750 million in such repurchases, increasing the authorization under the repurchase program to $ 2. 5 billion. As of December 31, 2023, $ 770 million remained available under the securities repurchase program (collectively, the " Repurchase Authorizations "). There is no expiration date for the Repurchase Authorizations. The timing and actual number of shares or notes repurchased, if any, depend on a variety of factors including the timing of open trading windows, price, corporate and regulatory requirements, and other market conditions. The program may be suspended or discontinued at any time without prior notice. Repurchases pursuant to the Repurchase Authorizations could affect the price of our Class A common stock, Class C capital stock and outstanding convertible notes and increase volatility in such securities.** If Securities or Industry Analysts or Other Third Parties Do Not Publish Research or Publish Inaccurate or Unfavorable Research About Our Business, Our Class A Common Stock and Class C Capital Stock Price and Trading Volume Could Decline. The trading market for our Class A common stock and Class C capital stock depends in part on the research and reports that securities or industry analysts or other third parties publish about our company. If few or no securities or industry analysts or other third parties cover our company, the market price of our publicly- traded stock could be negatively impacted. If securities or industry analysts or other third parties cover us and if one or more of such analysts downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of the analysts covering us fail to publish reports on us regularly, demand for our stock could decline, which could cause our stock price and trading volume to decline. If We Issue Additional Equity Securities or Convertible Debt to Raise Capital or Elect to Settle Conversions of Our Convertible Senior Notes in Stock, It May Have a Dilutive Effect on Shareholders' Investment. If we raise additional capital through further issuances of equity or convertible debt securities or elect to settle conversions of our convertible senior notes in shares of our Class C capital stock, our existing shareholders could suffer significant dilution in their percentage ownership of us. Moreover, any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. The Capped Call Transactions May Affect the Value of Our 2024 Notes, 2026 Notes and Our Class C Capital Stock. In connection with the pricing of each of the 2024 Notes and 2026 Notes, we entered into capped call transactions with certain financial institutions (the " option counterparties "). The capped call transactions are expected generally to reduce ~~the~~ potential dilution in connection with the conversion of the 2024 Notes or 2026 Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be. In connection with our Convertible Senior Notes due in ~~2021 (" 2021 Notes ") and~~ 2023 (" 2023 Notes "), the balance of which we redeemed in ~~late 2020 and~~ mid-2021 ~~respectively~~ , we exercised our right to keep the associated capped call confirmations open through the expiration of the ~~2021 Notes and~~ 2023 Notes, which caused short term dilution. We may pursue similar options with the capped call confirmations associated with each of the 2024 Notes and 2026 Notes in the future. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our Class C capital stock and / or purchasing or selling our Class C capital stock or other securities of ours in secondary market transactions prior to the maturity of each of the 2024 Notes and 2026 Notes (and are likely to do so during any observation period related to a conversion of 2024 Notes or 2026 Notes or in connection with any repurchase **or redemption** of 2024 Notes or 2026 Notes by us). This activity could cause or avoid an increase or a decrease in the market price of our Class C capital stock, the 2024 Notes or the 2026 Notes. Anti- Takeover Provisions in Our Charter Documents and Under Washington Law Could Make an Acquisition of Us More Difficult, Limit Attempts by Shareholders to Replace or Remove Our Management and Affect the Market Price of Our Stock. Provisions in our articles of incorporation and bylaws, as amended and restated, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated articles of incorporation or amended and restated bylaws include provisions, some of which will become effective only after the date, which we refer to as the threshold date, on which the Class B common stock controlled by our founders represents less than 7 % of the aggregate number of shares of our outstanding Class A common stock and Class B common stock, that: • set forth the structure of our capital stock, which concentrates voting control of matters submitted to a vote of our shareholders with the holders of our Class B common stock, which is held or controlled by our founders; • authorize our board of directors to issue, without further action by our shareholders, up to 30, 000, 000 shares of undesignated preferred stock, subject, prior to the threshold date, to the approval rights of the holders of our Class B common stock; • establish that our board of directors will be divided into three classes, Class I, Class II and Class III, with each class serving three- year staggered terms; • prohibit cumulative voting in the election of directors; • provide that, after the threshold date, our directors may be removed only for cause; • provide that, after the threshold date, vacancies on our board of directors may be filled only by the affirmative vote of a majority of directors then in office or by the sole remaining director; • provide that only our board of directors may change the board' s size; • specify that special meetings of our shareholders can be called only by the chair of our board of directors, our board of directors, our chief executive officer, our president or, prior to the threshold date, holders of at least 25 % of all the votes entitled to be cast on any issue proposed to be considered at any such special meeting; • establish an advance notice procedure for shareholder proposals to be brought before a meeting of shareholders, including proposed nominations of persons for election to our board of directors; • require the approval of our board of directors or the holders of at least two- thirds of all the votes entitled to be cast by shareholders generally in the election of directors, voting together as a single group, to amend or repeal our bylaws; and • require the approval of not less than two- thirds of all the votes entitled to be cast on a proposed amendment, voting together as a single group, to amend certain provisions of our articles of incorporation. Prior to the threshold date, our directors can be removed with or without cause by holders of our Class A common stock and Class B common stock, voting together as a single group, and vacancies on the board of directors may be filled by such shareholders, voting together as a single group. Given the structure of our capital stock, our founders, Richard Barton and Lloyd Frink, who hold or control our Class B common stock, will have the ability for the foreseeable future to control these shareholder actions. See the risk factor above titled " The Structure of Our Capital Stock as Contained in Our Charter Documents Has the Effect of Concentrating Voting Control With our Founders, and Limits Your Ability to Influence Corporate Matters. " The provisions described above, after the threshold date, may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it more difficult for shareholders to replace members of our board of directors, which board is responsible for appointing our management. In addition, because we are incorporated in the State of Washington, we are governed by the provisions of Chapter 23B. 19 of the Washington Business Corporation Act, which prohibits certain business combinations between us and certain significant shareholders unless specified conditions are met. These provisions may also have the effect of delaying or preventing a change of control of our company, even if this change of control would benefit our shareholders.