

February 16, 2023



Redfin Reports Fourth Quarter and Full Year 2022 Financial Results

SEATTLE--(BUSINESS WIRE)-- Redfin Corporation (NASDAQ: RDFN) today announced results for its fourth quarter and full year ended December 31, 2022.

Fourth Quarter 2022

Fourth quarter revenue was \$479.7 million, a decrease of 25% compared to the fourth quarter of 2021. Gross profit was \$37.4 million, a decrease of 65% year-over-year. Real estate services gross profit was \$26.3 million, a decrease of 65% year-over-year, and real estate services gross margin was 18%, compared to 33% in the fourth quarter of 2021.

Net loss was \$61.9 million, compared to a net loss of \$27.0 million in the fourth quarter of 2021. Net loss attributable to common stock was \$62.1 million. Net loss per share attributable to common stock, diluted, was \$0.57, compared to net loss per share, diluted, of \$0.27 in the fourth quarter of 2021.

Full Year 2022

Full year revenue was \$2,284.4 million, an increase of 19% year-over-year. Gross profit was \$286.1 million, a decrease of 29% year-over-year. Real estate services gross profit was \$179.0 million, a decrease of 40% year-over-year, and real estate services gross margin was 23%, compared to 33% in 2021.

Net loss was \$321.1 million, compared to a net loss of \$109.6 million in 2021. Net loss attributable to common stock was \$322.7 million. Net loss per share attributable to common stock, diluted, was \$2.99, compared to a net loss per share, diluted, of \$1.12 in 2021.

“Redfin in the fourth quarter of 2022 set ourselves up to earn adjusted EBITDA in 2023, which would be an improvement in profits of nearly \$200 million, even in a major housing downturn,” said Redfin CEO Glenn Kelman. “We shifted to more digital-margin revenue, lowered expenses, increased our share of online real estate traffic, and improved the quality of our sales force. The discipline to make adjusted EBITDA this year can make us very profitable when the housing market recovers. We also bought \$143 million of debt for \$84 million in cash. We have either sold or accepted an offer to sell all but 19 of our RedfinNow homes. Our revenues and net income exceeded the guidance we gave investors in our November earnings report.”

Fourth Quarter and Full Year Highlights

- Reached market share of 0.76% of U.S. existing home sales by units in the fourth quarter. For the year, Redfin reached a market share of 0.80%, an increase of 3 bps compared to 2021.

- Redfin's mobile apps and website reached nearly 44 million average monthly users in the fourth quarter. For the year, Redfin reached a record of nearly 50 million average monthly users, an increase of 5% compared to 2021.
- Brought Redfin agent service to Wilmington, North Carolina and Green Bay, Wisconsin and expanded listing coverage to a total of 98% of the U.S. population.
- Maintained momentum in mortgage cross-selling, with 17% attach rates for the fourth quarter which was flat compared to the third quarter of 2022.
- Confirmed Redfin sells homes faster and for more money than other brokerages for the 7th year in a row. Nationwide Redfin listings sold about 3 days faster and for \$1,800 more than comparable listings from other brokerages according to a third-party study that we commissioned.
- Delivered software to improve the customers experience and employee productivity:
 - Added energy cost estimates to U.S. home listings, helping consumers understand the full cost of living in a home and allowing homeowners to discover how much they could save by installing solar panels.
 - Added zoning and land-use data to U.S. home listings, making it easier for consumers to understand how properties may or may not be used.
 - Implemented a new design system for iOS home detail pages that increased homebuyer contact and tour completion rates.
 - Improved landlord referral process from Redfin.com to rentals.com, helping retain high-intent prospective landlords.

Business Outlook

The following forward-looking statements reflect Redfin's expectations as of February 16, 2023, and are subject to substantial uncertainty.

For the first quarter of 2023 we expect:

- Total revenue between \$307 million and \$324 million, representing a year-over-year decline between (49)% and (46)% compared to the first quarter of 2022. Included within total revenue are real estate services segment revenue between \$122 million and \$130 million, properties segment revenue between \$108 million to \$113 million, rentals revenue between \$41 million and \$42 million, and mortgage revenue between \$29 million and \$32 million.
- Total net loss is expected to be between \$116 million and \$105 million, compared to net loss of \$91 million in the first quarter of 2022. This guidance includes approximately \$45 million in total marketing expenses, \$20 million of stock-based compensation, \$17 million of depreciation and amortization, \$7 million in gains on extinguishment of convertible senior notes and \$1 million in restructuring expenses. Adjusted EBITDA loss is expected to be between \$84 million and \$73 million. Furthermore, we expect to pay a quarterly dividend of 30,640 shares of common stock to our preferred stockholder.

Conference Call

Redfin will webcast a conference call to discuss the results at 1:30 p.m. Pacific Time today. The webcast will be open to the public at <http://investors.redfin.com>. The webcast will remain available on the investor relations website for at least three months following the conference call.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws, including our future operating results, as described under *Business Outlook*. We believe our expectations related to these forward-looking statements are reasonable, but actual results may turn out to be materially different. For factors that could cause actual results to differ materially from the forward-looking statements in this press release, please see the risks and uncertainties identified under the heading "Risk Factors" in our annual report for the year ended December 31, 2022, which is available on our Investor Relations website at <http://investors.redfin.com> and on the SEC website at www.sec.gov. All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, rentals, lending, title insurance, and renovations services. We sell homes for more money and charge half the fee. We also run the country's #1 real estate brokerage site. Our home-buying customers see homes first with on-demand tours, and our lending and title services help them close quickly. Customers selling a home can have our renovations crew fix up their home to sell for top dollar. Our rentals business empowers millions nationwide to find apartments and houses for rent. Since launching in 2006, we've saved customers more than \$1.5 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 5,000 people.

Redfin-F

Redfin Corporation and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share and per share amounts, unaudited)

| | December 31, | |
|---|---------------------|--------------|
| | 2022 | 2021 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 239,840 | \$ 591,003 |
| Restricted cash | 2,406 | 127,278 |
| Short-term investments | 122,259 | 33,737 |
| Accounts receivable, net of allowances for credit losses of \$2,019 and \$1,298 | 54,880 | 69,594 |
| Inventory | 114,273 | 358,221 |
| Loans held for sale | 199,604 | 35,759 |
| Prepaid expenses | 34,506 | 22,948 |
| Other current assets | 8,690 | 7,524 |
| Total current assets | 776,458 | 1,246,064 |
| Property and equipment, net | 55,105 | 58,671 |
| Right-of-use assets, net | 42,032 | 54,200 |
| Mortgage servicing rights, at fair value | 36,261 | — |
| Long-term investments | 29,480 | 54,828 |
| Goodwill | 461,349 | 409,382 |
| Intangible assets, net | 162,272 | 185,929 |
| Other assets, noncurrent | 11,247 | 12,898 |
| Total assets | \$ 1,574,204 | \$ 2,021,972 |
| Liabilities, mezzanine equity, and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$ 11,819 | \$ 12,546 |
| Accrued and other liabilities | 109,743 | 118,122 |
| Warehouse credit facilities | 190,509 | 33,043 |
| Secured revolving credit facility | — | 199,781 |
| Convertible senior notes, net | 23,431 | 23,280 |
| Lease liabilities | 19,137 | 15,040 |
| Total current liabilities | 354,639 | 401,812 |
| Lease liabilities, noncurrent | 37,298 | 55,222 |
| Convertible senior notes, net, noncurrent | 1,078,157 | 1,214,017 |
| Deferred tax liabilities | 243 | 1,201 |
| Total liabilities | 1,470,337 | 1,672,252 |
| Series A convertible preferred stock—par value \$0.001 per share; 10,000,000 shares authorized; 40,000 and 40,000 shares issued and outstanding at December 31, 2022 and 2021, respectively | 39,914 | 39,868 |
| Stockholders' equity | | |
| Common stock—par value \$0.001 per share; 500,000,000 shares authorized; 109,696,178 and 106,308,767 shares issued and outstanding at December 31, 2022 and 2021, respectively | 110 | 106 |
| Additional paid-in capital | 757,951 | 682,084 |
| Accumulated other comprehensive loss | (801) | (174) |
| Accumulated deficit | (693,307) | (372,164) |
| Total stockholders' equity | 63,953 | 309,852 |
| Total liabilities, mezzanine equity, and stockholders' equity | \$ 1,574,204 | \$ 2,021,972 |

Redfin Corporation and Subsidiaries
Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share amounts, unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-------------|-------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| Service | \$ 219,121 | \$ 265,992 | \$ 1,081,877 | \$ 1,042,112 |
| Product | 260,543 | 377,065 | 1,202,565 | 880,653 |
| Total revenue | 479,664 | 643,057 | 2,284,442 | 1,922,765 |
| Cost of revenue⁽¹⁾ | | | | |
| Service | 163,467 | 161,780 | 772,351 | 648,660 |
| Product | 278,762 | 373,253 | 1,226,038 | 870,285 |
| Total cost of revenue | 442,229 | 535,033 | 1,998,389 | 1,518,945 |
| Gross profit | 37,435 | 108,024 | 286,053 | 403,820 |
| Operating expenses | | | | |
| Technology and development ⁽¹⁾ | 47,041 | 43,894 | 196,250 | 156,718 |
| Marketing ⁽¹⁾ | 24,238 | 22,397 | 158,071 | 138,740 |
| General and administrative ⁽¹⁾ | 62,889 | 66,962 | 254,593 | 218,315 |
| Restructuring and reorganization | 21,798 | — | 40,469 | — |
| Total operating expenses | 155,966 | 133,253 | 649,383 | 513,773 |
| Loss from operations | (118,531) | (25,229) | (363,330) | (109,953) |
| Interest income | 4,691 | 163 | 6,639 | 635 |
| Interest expense | (4,905) | (3,939) | (17,745) | (11,762) |
| Income tax benefit (expense) | 299 | 744 | (126) | 6,107 |
| Gain on extinguishment of convertible senior notes | 57,193 | — | 57,193 | — |
| Other (expense) income, net | (693) | 1,259 | (3,774) | 5,360 |
| Net loss | \$ (61,946) | \$ (27,002) | \$ (321,143) | \$ (109,613) |
| Dividends on convertible preferred stock | (144) | (1,394) | (1,560) | (7,269) |
| Net loss attributable to common stock—basic and diluted | \$ (62,090) | \$ (28,396) | \$ (322,703) | \$ (116,882) |
| Net loss per share attributable to common stock—basic and diluted | \$ (0.57) | \$ (0.27) | \$ (2.99) | \$ (1.12) |
| Weighted average shares of common stock—basic and diluted | 108,997,415 | 105,739,395 | 107,927,464 | 104,683,460 |
| Net loss | \$ (61,946) | \$ (27,002) | \$ (321,143) | \$ (109,613) |
| Other comprehensive income | | | | |
| Foreign currency translation adjustments | 29 | 4 | 94 | 6 |
| Unrealized (loss) gain on available-for-sale securities | (279) | 217 | 533 | 379 |
| Comprehensive loss | (62,196) | (26,781) | (320,516) | (109,228) |

(1) Includes stock-based compensation as follows:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|----------------------------|------------------------------------|-----------|-------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Cost of revenue | \$ 4,307 | \$ 3,595 | \$ 15,950 | \$ 13,614 |
| Technology and development | 6,572 | 6,288 | 29,608 | 23,275 |
| Marketing | 1,069 | 736 | 4,093 | 2,350 |
| General and administrative | 4,638 | 4,667 | 18,606 | 15,483 |
| Total | \$ 16,586 | \$ 15,286 | \$ 68,257 | \$ 54,722 |

Redfin Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands, unaudited)

| | Year Ended December 31, | |
|--|--------------------------------|--------------|
| | 2022 | 2021 |
| Operating Activities | | |
| Net loss | \$ (321,143) | \$ (109,613) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 64,907 | 46,906 |
| Stock-based compensation | 68,257 | 54,722 |
| Amortization of debt discount and issuance costs | 6,137 | 4,989 |
| Non-cash lease expense | 16,234 | 11,630 |
| Impairment costs | 1,136 | — |
| Net loss on IRLCs, forward sales commitments, and loans held for sale | 14,427 | 815 |
| Change in fair value of mortgage servicing rights, net | (801) | — |
| Gain on extinguishment of convertible senior notes | (57,193) | — |
| Other | 3,791 | (4,227) |
| Change in assets and liabilities: | | |
| Accounts receivable, net | 24,411 | (7,149) |
| Inventory | 243,948 | (309,063) |
| Prepaid expenses and other assets | (5,904) | (12,248) |
| Accounts payable | (2,472) | 3,059 |
| Accrued and other liabilities, deferred tax liabilities, and payroll tax liabilities, noncurrent | (46,454) | 25,791 |
| Lease liabilities | (18,452) | (13,268) |
| Origination of mortgage servicing rights | (3,140) | — |
| Proceeds from sale of mortgage servicing rights | 1,662 | — |
| Origination of loans held for sale | (3,949,442) | (986,982) |
| Proceeds from sale of loans originated as held for sale | 4,000,582 | 993,070 |
| Net cash provided by (used in) operating activities | 40,491 | (301,568) |
| Investing activities | | |
| Purchases of property and equipment | (21,531) | (27,492) |
| Purchases of investments | (182,466) | (146,274) |
| Sales of investments | 17,545 | 98,687 |
| Maturities of investments | 99,455 | 106,773 |
| Cash paid for acquisition, net of cash, cash equivalents, and restricted cash acquired | (97,341) | (608,000) |
| Net cash used in investing activities | (184,338) | (576,306) |
| Financing activities | | |
| Proceeds from the issuance of common stock pursuant to employee equity plans | 11,528 | 22,772 |
| Tax payments related to net share settlements on restricted stock units | (7,498) | (27,066) |
| Borrowings from warehouse credit facilities | 3,938,265 | 942,993 |
| Repayments to warehouse credit facilities | (3,989,407) | (948,979) |
| Borrowings from secured revolving credit facility | 565,334 | 624,828 |
| Repayments to secured revolving credit facility | (765,114) | (448,996) |
| Cash paid for secured revolving credit facility issuance costs | (733) | (527) |
| Proceeds from issuance of convertible senior notes, net of issuance costs | — | 561,529 |
| Purchases of capped calls related to convertible senior notes | — | (62,647) |
| Conversions of convertible senior notes | — | (2,159) |
| Principal payments under finance lease obligations | (855) | (796) |
| Repurchases of convertible senior notes | (83,614) | — |
| Other financing payables | — | (10,611) |
| Net cash (used in) provided by financing activities | (332,094) | 650,341 |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (94) | (6) |
| Net change in cash, cash equivalents, and restricted cash | (476,035) | (227,539) |
| Cash, cash equivalents, and restricted cash: | | |
| Beginning of period | 718,281 | 945,820 |
| End of period | \$ 242,246 | \$ 718,281 |

Redfin Corporation and Subsidiaries
Supplemental Financial Information and Business Metrics
(unaudited)

| | Three Months Ended | | | | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Dec. 31, 2022 | Sep. 30, 2022 | Jun. 30, 2022 | Mar. 31, 2022 | Dec. 31, 2021 | Sep. 30, 2021 | Jun. 30, 2021 | Mar. 31, 2021 |
| Monthly average visitors (in thousands) | 43,847 | 50,785 | 52,698 | 51,287 | 44,665 | 49,147 | 48,437 | 46,202 |
| Real estate services transactions | | | | | | | | |
| Brokerage | 12,743 | 18,245 | 20,565 | 15,001 | 19,428 | 21,929 | 21,006 | 14,317 |
| Partner | 2,742 | 3,507 | 3,983 | 3,417 | 4,603 | 4,755 | 4,597 | 3,944 |
| Total | <u>15,485</u> | <u>21,752</u> | <u>24,548</u> | <u>18,418</u> | <u>24,031</u> | <u>26,684</u> | <u>25,603</u> | <u>18,261</u> |
| Real estate services revenue per transaction | | | | | | | | |
| Brokerage | \$ 10,914 | \$ 11,103 | \$ 11,692 | \$ 11,191 | \$ 10,900 | \$ 11,107 | \$ 11,307 | \$ 10,927 |
| Partner | 2,611 | 2,556 | 2,851 | 2,814 | 2,819 | 2,990 | 3,195 | 3,084 |
| Aggregate | 9,444 | 9,725 | 10,258 | 9,637 | 9,352 | 9,661 | 9,850 | 9,233 |
| U.S. market share by units ⁽¹⁾ | 0.76% | 0.80% | 0.82% | 0.79% | 0.78% | 0.78% | 0.77% | 0.75% |
| Revenue from top-10 Redfin markets as a percentage of real estate services revenue | 57% | 58% | 59% | 57% | 61% | 62% | 64% | 62% |
| Average number of lead agents | 2,022 | 2,293 | 2,640 | 2,750 | 2,485 | 2,370 | 2,456 | 2,277 |
| RedfinNow homes sold | 474 | 530 | 423 | 617 | 600 | 388 | 292 | 171 |
| Revenue per RedfinNow home sold | 538,788 | 550,903 | 604,120 | 608,851 | 622,519 | 599,963 | 571,670 | 525,765 |
| Mortgage originations by dollars (in millions) | \$ 1,036 | \$ 1,557 | \$ 1,565 | \$ 159 | \$ 242 | \$ 258 | \$ 261 | \$ 227 |
| Mortgage originations by units (in ones) | 2,631 | 3,720 | 3,860 | 414 | 591 | 671 | 749 | 632 |

| | Year Ended December 31, | |
|---|-------------------------|---------------|
| | 2022 | 2021 |
| Monthly average visitors (in thousands) | 49,654 | 47,113 |
| Real estate services transactions | | |
| Brokerage | 66,554 | 76,680 |
| Partner | 13,649 | 17,899 |
| Total | <u>80,203</u> | <u>94,579</u> |
| Real estate services revenue per transaction | | |
| Brokerage | \$ 11,269 | \$ 11,076 |
| Partner | 2,718 | 3,020 |
| Aggregate | 9,814 | 9,551 |
| U.S. market share by units ⁽¹⁾ | 0.80% | 0.77% |
| Revenue from top-10 markets as a percentage of real estate services revenue | 58% | 62% |
| Average number of lead agents | 2,426 | 2,396 |
| RedfinNow homes sold | 2,044 | 1,451 |
| Revenue per RedfinNow home sold | \$ 576,599 | \$ 594,268 |
| Mortgage originations by dollars (in millions) | \$ 4,317 | \$ 988 |
| Mortgage originations by units (in ones) | 10,625 | 2,643 |

(1) Prior to the second quarter of 2022, we reported our U.S. market share based on the aggregate home value of our real estate services transactions, relative to the aggregate value of all U.S. home sales, which we computed based on the mean sale price of U.S. homes provided by the National Association of REALTORS® ("NAR"). Beginning in the second quarter of 2022, NAR (1) revised its methodology of computing the mean sale price, (2) restated its previously reported mean sale price beginning from January 2020 (and indicated that previously reported mean sale price prior to January 2020 is not comparable), and (3) discontinued publication of the mean sale price as part of its primary data set. Due to these changes, as of the second quarter of 2022, we report our U.S. market share based on the number of homes sold, rather than the dollar value of homes sold. Our market share by number of homes sold has historically been lower than our market share by dollar value of homes sold. We also stopped reporting the aggregate home value of our real estate services transactions.

Redfin Corporation and Subsidiaries
Segment Reporting and Reconciliation of Adjusted EBITDA to Net Income (Loss)
(unaudited, in thousands)

Three Months Ended December 31, 2022

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|----------------------------|--------------------|--------------------|--------------------|-------------------|--|--------------------|
| Revenue | \$146,242 | \$ 260,629 | \$ 40,931 | \$ 28,420 | \$ 6,342 | \$ (2,900) | \$ 479,664 |
| Cost of revenue | 119,913 | 278,761 | 9,647 | 30,936 | 5,872 | (2,900) | 442,229 |
| Gross profit | 26,329 | (18,132) | 31,284 | (2,516) | 470 | — | 37,435 |
| Operating expenses | | | | | | | |
| Technology and development | 25,052 | 3,794 | 15,360 | 798 | 616 | 1,421 | 47,041 |
| Marketing | 8,293 | 282 | 14,258 | 1,364 | 26 | 15 | 24,238 |
| General and administrative | 20,594 | 2,138 | 23,990 | 7,633 | 960 | 7,574 | 62,889 |
| Restructuring and reorganization | — | — | — | — | — | 21,798 | 21,798 |
| Total operating expenses | 53,939 | 6,214 | 53,608 | 9,795 | 1,602 | 30,808 | 155,966 |
| Loss from operations | (27,610) | (24,346) | (22,324) | (12,311) | (1,132) | (30,808) | (118,531) |
| Interest income, interest expense, income tax expense, gain on extinguishment of convertible senior notes, and other expense, net | — | (1,924) | 291 | 50 | 88 | 58,080 | 56,585 |
| Net loss | <u>\$ (27,610)</u> | <u>\$ (26,270)</u> | <u>\$ (22,033)</u> | <u>\$ (12,261)</u> | <u>\$ (1,044)</u> | <u>\$ 27,272</u> | <u>\$ (61,946)</u> |

Three Months Ended December 31, 2022

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|--|----------------------------|--------------------|-------------------|--------------------|-----------------|--|--------------------|
| Net loss | \$ (27,610) | \$ (26,270) | \$ (22,033) | \$ (12,261) | \$ (1,044) | \$ 27,272 | \$ (61,946) |
| Interest income ⁽¹⁾ | — | (752) | (23) | (3,203) | (88) | (3,819) | (7,885) |
| Interest expense ⁽²⁾ | — | 2,666 | — | 2,981 | — | 2,136 | 7,783 |
| Income tax expense | — | 10 | (288) | (174) | — | 153 | (299) |
| Depreciation and amortization | 4,569 | 552 | 10,133 | 1,013 | 274 | 927 | 17,468 |
| Stock-based compensation ⁽³⁾ | 7,008 | 528 | 2,709 | 1,542 | 345 | 4,454 | 16,586 |
| Acquisition-related costs ⁽⁴⁾ | — | — | — | — | — | — | — |
| Restructuring and reorganization ⁽⁵⁾ | — | — | — | — | — | 21,798 | 21,798 |
| Impairment ⁽⁶⁾ | — | — | — | — | — | 224 | 224 |
| Gain on extinguishment of convertible senior notes | — | — | — | — | — | (57,193) | (57,193) |
| Adjusted EBITDA | <u>\$ (16,033)</u> | <u>\$ (23,266)</u> | <u>\$ (9,502)</u> | <u>\$ (10,102)</u> | <u>\$ (513)</u> | <u>\$ (4,048)</u> | <u>\$ (63,464)</u> |

(1) Interest income includes \$3.2 million of interest income related to originated mortgage loans for the three months ended December 31, 2022.

(2) Interest expense includes \$2.9 million of interest expense related to our warehouse credit facilities for the three months ended December 31, 2022.

(3) Stock-based compensation consists of expenses related to stock options, restricted stock units, and our employee stock purchase program.

(4) Acquisition-related costs consist of fees for external advisory, legal, and other professional services incurred in connection with our acquisition of other companies.

(5) Restructuring and reorganization expenses primarily consist of personnel-related costs associated with employee terminations, furloughs, or retention due to the restructuring and reorganization activities from our acquisitions of Bay Equity and Rent., and from our June and October 2022 workforce reductions.

(6) Impairment consists of an impairment loss due to subleasing one of our operating leases.

Three Months Ended December 31, 2021

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|-------------------------------------|-------------------|--------------------|-------------------|-------------------|---|--------------------|
| Revenue | \$224,732 | \$ 377,065 | \$ 38,923 | \$ 3,996 | \$ 3,347 | \$ (5,006) | \$643,057 |
| Cost of revenue | 149,529 | 373,105 | 6,774 | 6,690 | 3,941 | (5,006) | 535,033 |
| Gross profit | 75,203 | 3,960 | 32,149 | (2,694) | (594) | — | 108,024 |
| Operating expenses | | | | | | | |
| Technology and development | 20,727 | 3,724 | 13,876 | 2,582 | 990 | 1,995 | 43,894 |
| Marketing | 11,923 | 466 | 9,450 | 149 | 104 | 305 | 22,397 |
| General and administrative | 23,842 | 2,828 | 25,530 | 2,620 | 823 | 11,319 | 66,962 |
| Restructuring and reorganization | — | — | — | — | — | — | — |
| Total operating expenses | 56,492 | 7,018 | 48,856 | 5,351 | 1,917 | 13,619 | 133,253 |
| Loss from operations | 18,711 | (3,058) | (16,707) | (8,045) | (2,511) | (13,619) | (25,229) |
| Interest income, interest expense, income tax expense, gain on extinguishment of convertible senior notes, and other expense, net | — | (1,723) | 2,777 | 1 | 1 | (2,829) | (1,773) |
| Net loss | <u>\$ 18,711</u> | <u>\$ (4,781)</u> | <u>\$ (13,930)</u> | <u>\$ (8,044)</u> | <u>\$ (2,510)</u> | <u>\$ (16,448)</u> | <u>\$ (27,002)</u> |

Three Months Ended December 31, 2021

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|---|-----------------|
| Net loss | \$ 18,711 | \$ (4,781) | \$ (13,930) | \$ (8,044) | \$ (2,510) | \$ (16,448) | \$ (27,002) |
| Interest income ⁽¹⁾ | — | (2) | — | (424) | (1) | (159) | (586) |
| Interest expense ⁽²⁾ | — | 1,725 | — | 431 | — | 2,214 | 4,370 |
| Income tax expense | — | — | (2,177) | — | — | 1,433 | (744) |
| Depreciation and amortization | 3,583 | 554 | 9,307 | 387 | 247 | 525 | 14,603 |
| Stock-based compensation ⁽³⁾ | 8,963 | 1,492 | 994 | 820 | 348 | 2,669 | 15,286 |
| Adjusted EBITDA | <u>\$ 31,257</u> | <u>\$ (1,012)</u> | <u>\$ (5,806)</u> | <u>\$ (6,830)</u> | <u>\$ (1,916)</u> | <u>\$ (9,766)</u> | <u>\$ 5,927</u> |

(1) Interest income includes \$0.4 million of interest income related to originated mortgage loans for the three months ended December 31, 2021.

(2) Interest expense includes \$0.4 million of interest expense related to our warehouse credit facilities for the three months ended December 31, 2021.

(3) Stock-based compensation consists of expenses related to stock options, restricted stock units, and our employee stock purchase program.

Year ended December 31, 2022

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|-------------------------------------|--------------------|--------------------|--------------------|-------------------|---|---------------------|
| Revenue | \$ 787,076 | \$1,202,651 | \$155,910 | \$132,904 | \$ 23,684 | \$ (17,783) | \$2,284,442 |
| Cost of revenue | 608,027 | 1,225,717 | 33,416 | 126,552 | 22,460 | (17,783) | 1,998,389 |
| Gross profit | 179,049 | (23,066) | 122,494 | 6,352 | 1,224 | — | 286,053 |
| Operating expenses | | | | | | | |
| Technology and development | 105,196 | 17,326 | 59,899 | 6,034 | 3,591 | 4,204 | 196,250 |
| Marketing | 98,673 | 2,762 | 51,064 | 4,889 | 199 | 484 | 158,071 |
| General and administrative | 88,171 | 11,203 | 92,728 | 25,680 | 3,307 | 33,504 | 254,593 |
| Restructuring and reorganization | — | — | — | — | — | 40,469 | 40,469 |
| Total operating expenses | 292,040 | 31,291 | 203,691 | 36,603 | 7,097 | 78,661 | 649,383 |
| Loss from operations | (112,991) | (54,357) | (81,197) | (30,251) | (5,873) | (78,661) | (363,330) |
| Interest income, interest expense, income tax expense, gain on extinguishment of convertible senior notes, and other expense, net | (123) | (7,607) | 1,389 | (114) | 140 | 48,502 | 42,187 |
| Net loss | <u>\$(113,114)</u> | <u>\$ (61,964)</u> | <u>\$ (79,808)</u> | <u>\$ (30,365)</u> | <u>\$ (5,733)</u> | <u>\$ (30,159)</u> | <u>\$ (321,143)</u> |

Year ended December 31, 2022

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|--|-------------------------------------|--------------------|--------------------|--------------------|-------------------|---|--------------------|
| Net loss | \$(113,114) | \$ (61,964) | \$ (79,808) | \$ (30,365) | \$ (5,733) | \$ (30,159) | \$(321,143) |
| Interest income ⁽¹⁾ | — | (1,266) | (24) | (10,499) | (143) | (5,181) | (17,113) |
| Interest expense ⁽²⁾ | — | 8,859 | — | 8,580 | — | 8,778 | 26,217 |
| Income tax expense | — | 10 | (1,077) | — | — | 1,193 | 126 |
| Depreciation and amortization | 17,526 | 2,335 | 38,683 | 3,438 | 1,089 | 1,836 | 64,907 |
| Stock-based compensation ⁽³⁾ | 36,652 | 5,238 | 11,319 | 4,132 | 1,496 | 9,420 | 68,257 |
| Acquisition-related costs ⁽⁴⁾ | — | — | — | — | — | 2,437 | 2,437 |
| Restructuring and reorganization ⁽⁵⁾ | — | — | — | — | — | 40,469 | 40,469 |
| Impairment ⁽⁶⁾ | — | — | — | — | — | 1,136 | 1,136 |
| Gain on extinguishment of convertible senior notes | — | — | — | — | — | (57,193) | (57,193) |
| Adjusted EBITDA | <u>\$ (58,936)</u> | <u>\$ (46,788)</u> | <u>\$ (30,907)</u> | <u>\$ (24,714)</u> | <u>\$ (3,291)</u> | <u>\$ (27,264)</u> | <u>\$(191,900)</u> |

(1) Interest income includes \$10.5 million of interest income related to originated mortgage loans for the year ended December 31, 2022.

(2) Interest expense includes \$8.5 million of interest expense related to our warehouse credit facilities for the year ended December 31, 2022.

(3) Stock-based compensation consists of expenses related to stock options, restricted stock units, and our employee stock purchase program.

(4) Acquisition-related costs consist of fees for external advisory, legal, and other professional services incurred in connection with our acquisition of other companies.

(5) Restructuring and reorganization expenses primarily consist of personnel-related costs associated with employee terminations, furloughs, or retention due to the restructuring and reorganization activities from our acquisitions of Bay Equity and Rent., and from our June and October 2022 workforce reductions.

(6) Impairment consists of an impairment loss due to subleasing one of our operating leases.

Year ended December 31, 2021

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|-------------------------------------|--------------------|--------------------|--------------------|-------------------|---|---------------------|
| Revenue | \$903,334 | \$ 880,653 | \$121,877 | \$ 19,818 | \$ 13,609 | \$ (16,526) | \$1,922,765 |
| Cost of revenue | 603,320 | 870,052 | 21,739 | 26,096 | 14,264 | (16,526) | 1,518,945 |
| Gross profit | 300,014 | 10,601 | 100,138 | (6,278) | (655) | — | 403,820 |
| Operating expenses | | | | | | | |
| Technology and development | 81,588 | 13,237 | 41,492 | 10,396 | 2,528 | 7,477 | 156,718 |
| Marketing | 98,746 | 1,889 | 36,174 | 561 | 209 | 1,161 | 138,740 |
| General and administrative | 84,655 | 9,593 | 71,943 | 8,306 | 2,288 | 41,530 | 218,315 |
| Restructuring and reorganization | — | — | — | — | — | — | — |
| Total operating expenses | <u>264,989</u> | <u>24,719</u> | <u>149,609</u> | <u>19,263</u> | <u>5,025</u> | <u>50,168</u> | <u>513,773</u> |
| Loss from operations | 35,025 | (14,118) | (49,471) | (25,541) | (5,680) | (50,168) | (109,953) |
| Interest income, interest expense, income tax benefit, and other expense, net | (87) | (4,261) | 3,301 | 3 | 2 | 1,382 | 340 |
| Net income (loss) | <u>\$ 34,938</u> | <u>\$ (18,379)</u> | <u>\$ (46,170)</u> | <u>\$ (25,538)</u> | <u>\$ (5,678)</u> | <u>\$ (48,786)</u> | <u>\$ (109,613)</u> |

Year ended December 31, 2021

| | Real estate services | Properties | Rentals | Mortgage | Other | Corporate Overhead and Intercompany Eliminations | Total |
|---|-------------------------------------|-------------------|--------------------|--------------------|-------------------|---|-----------------|
| Net loss | \$ 34,938 | \$ (18,379) | \$ (46,170) | \$ (25,538) | \$ (5,678) | \$ (48,786) | \$(109,613) |
| Interest income ⁽¹⁾ | — | (9) | — | (1,598) | (2) | (619) | (2,228) |
| Interest expense ⁽²⁾ | — | 4,271 | — | 1,666 | — | 7,490 | 13,427 |
| Income tax expense | — | — | (2,699) | — | — | (3,408) | (6,107) |
| Depreciation and amortization | 13,282 | 1,888 | 27,607 | 1,406 | 761 | 1,962 | 46,906 |
| Stock-based compensation ⁽³⁾ | 34,662 | 5,177 | 1,311 | 2,985 | 856 | 9,731 | 54,722 |
| Acquisition-related costs ⁽⁴⁾ | — | — | — | — | — | 7,925 | 7,925 |
| Restructuring and reorganization ⁽⁵⁾ | — | — | — | — | — | — | — |
| Adjusted EBITDA | <u>\$ 82,882</u> | <u>\$ (7,052)</u> | <u>\$ (19,951)</u> | <u>\$ (21,079)</u> | <u>\$ (4,063)</u> | <u>\$ (25,705)</u> | <u>\$ 5,032</u> |

(1) Interest income includes \$1.6 million of interest income related to originated mortgage loans for the year ended December 31, 2021.

(2) Interest expense includes \$1.7 million of interest expense related to our warehouse credit facilities for the year ended December 31, 2021.

(3) Stock-based compensation consists of expenses related to stock options, restricted stock units, and our employee stock purchase program.

(4) Acquisition-related costs consist of fees for external advisory, legal, and other professional services incurred in connection with our acquisition of other companies.

(5) Restructuring and reorganization expenses primarily consist of personnel-related costs associated with employee terminations, furloughs, or retention due to the restructuring and reorganization activities from our acquisition of Rent.

Redfin Corporation and Subsidiaries
Reconciliation of Adjusted EBITDA Guidance to Net Loss Guidance
(unaudited, in millions)

| | Three Months Ended March 31, 2023 | |
|--|--|----------------|
| | Low | High |
| Net loss | \$ (116) | \$ (105) |
| Depreciation and amortization | 17 | 17 |
| Stock-based compensation | 20 | 20 |
| Restructuring and reorganization | 1 | 1 |
| Gain on extinguishment of convertible senior notes | (7) | (7) |
| Adjusted EBITDA | <u>\$ (84)</u> | <u>\$ (73)</u> |

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