
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 7, 2017

REDFIN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38160
(Commission
File Number)

74-3064240
(IRS Employer
Identification No.)

1099 Stewart Street, Suite 600
Seattle, Washington 98101
(Address of Principal Executive Offices) (Zip Code)

(206) 576-8333
(Registrant's telephone number, including area code)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On September 7, 2017, Redfin Corporation (the "Company") reported its financial results for the quarter ended June 30, 2017. A copy of the press release issued by the Company is furnished as Exhibit 99.1 to this report.

The information furnished with Item 2.02 of this report, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Exchange Act or under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

| Exhibit Number | Description |
|-------------------|---|
| 99.1 | Press release dated September 7, 2017 |

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|---|
| 99.1 | Press release dated September 7, 2017 |



Redfin Second-Quarter 2017 Revenue up 35% Year-over-Year to \$104.9 Million

SEATTLE - September 7, 2017 - Redfin Corporation (NASDAQ: RDFN), the technology-powered residential real estate brokerage, today announced financial results for the second quarter ended June 30, 2017. All financial measures are presented on a GAAP basis and include stock-based compensation.

Revenue increased 35% year-over-year to \$104.9 million during the second quarter, including \$2.0 million from Redfin Now⁽¹⁾. Gross profit was \$37.0 million, an increase of 35% over the second quarter of 2016. Gross margin was 35%, compared to 35% in the second quarter of 2016. Operating expenses were \$32.7 million, an increase of 25% from \$26.1 million in the second quarter of 2016. Operating expenses were 31% of revenue, down from 34% in the second quarter of 2016.

Net income was \$4.3 million, compared to \$1.4 million in the second quarter of 2016. Stock-based compensation was \$2.6 million, up from \$1.9 million in the second quarter of 2016. Depreciation and amortization was \$1.6 million, up from \$1.5 million in the second quarter of 2016. Assuming the conversion of outstanding shares of preferred common stock following our initial public offering, pro forma net income per share was \$0.06 for the second quarter of 2017.

“Redfin’s market-share growth accelerated in the second quarter, in part because so many people have been visiting our website,” said Redfin CEO Glenn Kelman. “Redfin.com visitors have grown at a higher rate over each of the past three quarters than in any quarter in the last three years. And more of those visitors are connecting with a Redfin agent because our technology lets those customers move faster to tour and buy homes. Technology also benefits our home-sellers, by promoting their listing to a huge online audience, and by driving long-term efficiency gains that help us charge less and still deliver better results.”

Second-Quarter Highlights

- Accelerated market-share gains, serving 0.64% of U.S. existing home sales by value in the second quarter of 2017, an increase of 0.11 percentage points from the second quarter of 2016. The year-over-year gain for the first quarter of 2017 was 0.10 percentage points.⁽²⁾
- Increased visitors to our website and mobile application by 43% over the second quarter of 2016 to more than 24 million monthly average visitors, making Redfin the fastest-growing top-10 real estate website.
- Commissioned a third-party study to measure the speed of listing notifications, which showed that Redfin notifies customers about newly listed homes between three and 18 hours faster than other leading real estate websites. This advantage is the result of a streaming architecture that Redfin has developed over the past two years to notify customers about new listings, recommended listings, price changes, and home sales.
- Saved customers more than \$36 million in fees in the second quarter compared to what they would have paid with an aggregate 5% commission, while delivering a level of customer satisfaction that market-research firms have established is significantly higher than traditional brokers’.
- Increased the total number of subscribers to the Redfin Home Report, a monthly email estimate on what a home is worth, by 26%. The magnitude of such a gain over a three-month span is

significant given that Redfin has been accumulating subscribers since 2011, but much of it was a one-time gain that we got by inferring for the first time where a potential subscriber lives and whether she wants a home report. We believe subscriptions have also been increasing due to the accuracy of the Redfin Estimate, which uses artificial intelligence, cloud computing, and local data sets to estimate the value of a home for sale better than our competitors. A 2017 third-party study found Redfin's estimate was more than twice as likely as two other leading home-value estimates to be within 3% of a listing's final sale price.

- Increased the percentage of home tours scheduled automatically from 41% in March to 51% in June. Automatic tour scheduling lowers labor costs and makes it easier for customers to try Redfin, which drives growth. Most important, automatically scheduling tours often lets our customers move faster than other homebuyers to see and ultimately to buy the most desirable listings.
- Lowered the fee the customer pays to a Redfin listing agent from 1.5% to 1% in the San Diego area. Compared to the 2.5% fee often charged by traditional San Diego-area listing agents, Redfin's 1% fee saves customers about \$7,500 on the sale of a \$500,000 home. To offset the lower listing fee, Redfin increased prices for its San Diego-area homebuyers, which should result in the same revenue per transaction when averaged across buyers and sellers. Over the past two years, Redfin has rolled out this pricing to Baltimore, Chicago, Denver, Seattle and Washington, D.C. areas, modestly accelerating overall share gains. In Redfin's remaining markets, the company continues to charge customers 1.5% for the services of its listing agents.

⁽¹⁾ Redfin Now is an experimental new service where we buy homes directly from home sellers and resell them to homebuyers. Revenue earned from selling homes previously purchased by Redfin Now is recorded at closing on a gross basis, representing the sales price of the home. For Redfin Now, cost of revenue includes the cost of homes such as the purchase price and capitalized improvements. There was no revenue from Redfin Now in any period prior to the three months ended June 30, 2017.

⁽²⁾ We calculate the aggregate value of U.S. home sales by multiplying the total number of U.S. home sales by the mean sale price of these sales, each as reported by the National Association of REALTORS®. We calculate our market share by aggregating the home value of real estate transactions conducted by our lead agents or our partner agents. Then, in order to account for both the sell- and buy-side components of each transaction, we divide that value by two-times the estimated aggregate value of U.S. home sales.

Business Outlook

The following forward-looking statements reflect Redfin's expectations as of September 7, 2017, and are subject to substantial uncertainty.

For the third quarter of 2017 we expect:

- Revenue between \$108.5 million and \$110.5 million, representing year-over-year growth between 34% and 36% compared to the third quarter of 2016. Redfin Now revenue between \$2.6 million and \$3.6 million is included in the guidance provided.
- Net income between \$10.0 million and \$10.8 million, compared with \$5.7 million in the third quarter of 2016. This guidance includes approximately \$2.8 million of stock-based compensation and \$1.7 million of depreciation and amortization. Stock-based compensation was \$2.2 million and depreciation and amortization was \$1.6 million the third quarter of 2016.

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 approximately three months following the conference call.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of federal securities laws, including statements regarding our future operating results and financial position, business strategy and plans, product, service, and technology offerings, market conditions, growth and trends, and objectives for future operations, home report subscriptions increasing due to the accuracy of the *Redfin Estimate*, technology driving long-term efficiency gains and service improvements, and statements under the header *Business Outlook*. We believe our expectations related to these forward-looking statements are reasonable, but actual results may turn out to be materially different. Please see our filings with the Securities and Exchange Commission for more information on the risks and uncertainties that could cause actual results to differ materially from the forward-looking statements in this press release. These risks include, among other things: that we operate in a seasonal and cyclical industry and may be affected by industry downturns; we have a history of losses; and our business is concentrated in certain geographic markets. Moreover, we operate in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could impact the forward-looking statements in this press release. Additional risks and uncertainties that could affect our financial results are included under the caption "Risk Factors" in our final prospectus filed pursuant to Rule 424(b)(4) on July 28, 2017, which is available on our Investor Relations website at <http://investors.redfin.com> and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the three months ended June 30, 2017. 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 Corporation (www.redfin.com) is a technology-powered, residential real estate brokerage. Founded by software engineers, we run the country's #1 brokerage website and offer a host of online tools to consumers, including the *Redfin Estimate*. We represent people buying and selling homes in over 80 markets throughout the United States. Our mission is to redefine real estate in the consumer's favor. In a commission-driven industry, we put the customer first. We do this by pairing our own agents with our own technology to create a service that is faster, better, and costs less. Since our launch in 2006 through 2016, we have helped customers buy or sell more than 75,000 homes worth more than \$40 billion.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|--------------|---------------------------|--------------|
| | 2016 | 2017 | 2016 | 2017 |
| Revenue | \$ 77,714 | \$ 104,935 | \$ 119,349 | \$ 164,802 |
| Cost of revenue ⁽¹⁾ | 50,303 | 67,975 | 88,808 | 121,467 |
| Gross profit | 27,411 | 36,960 | 30,541 | 43,335 |
| Operating expenses: | | | | |
| Technology and development ⁽¹⁾ | 8,060 | 10,090 | 15,958 | 19,762 |
| Marketing ⁽¹⁾ | 8,486 | 10,132 | 17,697 | 20,591 |
| General and administrative ⁽¹⁾ | 9,526 | 12,466 | 19,912 | 26,833 |
| Total operating expenses | 26,072 | 32,688 | 53,567 | 67,186 |
| Income (loss) from operations | 1,339 | 4,272 | (23,026) | (23,851) |
| Interest income | 49 | 32 | 96 | 76 |
| Other income, net | — | — | 37 | 13 |
| Total interest income and other income, net | 49 | 32 | 133 | 89 |
| Net income (loss) | \$ 1,388 | \$ 4,304 | \$ (22,893) | \$ (23,762) |
| Accretion of redeemable convertible preferred stock | 65,082 | (110,921) | 59,869 | (135,690) |
| Undistributed earnings attributable to participating securities | (52,805) | — | (29,397) | — |
| Net income (loss) attributable to common stock—basic | \$ 13,665 | \$ (106,617) | \$ 7,579 | \$ (159,452) |
| Net income (loss) attributable to common stock—diluted | \$ 1,386 | \$ (106,617) | \$ (22,894) | \$ (159,453) |
| Net income (loss) per share attributable to common stock—basic | \$ 0.95 | \$ (7.15) | \$ 0.53 | \$ (10.74) |
| Net income (loss) per share attributable to common stock—diluted | \$ 0.02 | \$ (7.15) | \$ (0.33) | \$ (10.74) |
| Weighted average shares used to compute net income (loss) per share attributable to common stock—basic | 14,340,333 | 14,913,234 | 14,288,550 | 14,840,759 |
| Weighted average shares used to compute net income (loss) per share attributable to common stock—diluted | 74,080,026 | 14,913,234 | 69,710,552 | 14,840,759 |
| Pro forma net income (loss) per share attributable to common stock—basic and diluted | | \$ 0.06 | | \$ (0.34) |
| Pro forma weighted-average shares used to compute net income (loss) per share attributable to common stock—basic and diluted | | 70,335,236 | | 70,262,761 |

⁽¹⁾ Includes stock-based compensation as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|-----------------------------|----------|---------------------------|----------|
| | 2016 | 2017 | 2016 | 2017 |
| Cost of revenue | \$ 525 | \$ 699 | \$ 1,043 | \$ 1,414 |
| Technology and development | 559 | 751 | 1,098 | 1,482 |
| Marketing | 112 | 123 | 221 | 242 |
| General and administrative | 718 | 1,065 | 1,372 | 2,182 |
| Total | \$ 1,914 | \$ 2,638 | \$ 3,734 | \$ 5,320 |

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

| | December 31, 2016 | June 30, 2017 | Pro Forma, June 30, 2017 |
|---|----------------------|------------------|--------------------------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 64,030 | \$ 54,210 | |
| Restricted cash | 3,815 | 11,848 | |
| Short-term investments | 1,749 | 1,504 | |
| Prepaid expenses | 4,388 | 2,546 | |
| Accrued revenue, net of allowance for doubtful accounts of \$150 at December 31, 2016 and June 30, 2017 | 10,625 | 14,509 | |
| Other current assets | 8,781 | 2,298 | |
| Loans held for sale | — | 545 | |
| Total current assets | 93,388 | 87,460 | |
| Property and equipment, net | 19,226 | 22,137 | |
| Intangible assets, net | 3,782 | 3,538 | |
| Goodwill | 9,186 | 9,186 | |
| Deferred offering costs | 720 | 2,299 | |
| Other assets | 7,175 | 6,798 | |
| Total assets: | \$ 133,477 | \$ 131,418 | |
| Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit): | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 5,385 | \$ 3,081 | |
| Accrued liabilities | 22,253 | 30,248 | |
| Other payables | 3,793 | 11,607 | |
| Loan facility | — | 529 | |
| Current portion of deferred rent | 1,512 | 1,092 | |
| Total current liabilities | 32,943 | 46,557 | |
| Deferred rent, net of current portion | 8,852 | 10,473 | |
| Total liabilities | 41,795 | 57,030 | |
| Commitments and contingencies (Note 10) | | | |
| Redeemable convertible preferred stock—par value \$0.001 per share; 166,266,114 shares authorized; 55,422,002 issued and outstanding; and aggregate liquidation preference of \$167,488 | 655,416 | 791,106 | — |
| Stockholders' equity (deficit) | | | |
| Common stock—par value \$0.001 per share; 290,081,638 and 290,081,638 shares authorized, respectively; 14,687,024 and 14,988,646 shares issued and outstanding, respectively | 15 | 15 | 70 |
| Additional paid-in capital | — | — | 212,081 |
| Accumulated deficit | (563,749) | (716,733) | (137,763) |
| Total stockholders' equity (deficit) | (563,734) | (716,718) | 74,388 |
| Total liabilities, redeemable convertible preferred stock and stockholders' equity: | \$ 133,477 | \$ 131,418 | |

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

| | Six Months Ended June 30, | |
|--|----------------------------------|--------------|
| | 2016 | 2017 |
| Operating Activities | | |
| Net income (loss) | \$ (22,893) | \$ (23,762) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 2,935 | 3,539 |
| Stock-based compensation | 3,734 | 5,320 |
| Change in assets and liabilities: | | |
| Restricted cash | (8,610) | (8,032) |
| Prepaid expenses | 4,523 | 1,842 |
| Accrued revenue | (7,168) | (3,885) |
| Other current assets | (10) | 6,482 |
| Other long-term assets | (5,816) | 377 |
| Accounts payable | 332 | 901 |
| Accrued expenses | 5,859 | 8,481 |
| Other payables | 8,609 | 7,814 |
| Deferred lease liability | (157) | 1,097 |
| Origination of loans held for sale | — | (3,022) |
| Proceeds from sale of loans originated as held for sale | — | 2,477 |
| Net cash used in operating activities | (18,662) | (371) |
| Investing activities | | |
| Maturities of short-term investments | 1,644 | 1,239 |
| Purchases of short-term investments | (1,644) | (992) |
| Purchases of property and equipment | (2,660) | (9,435) |
| Net cash used in investing activities | (2,660) | (9,188) |
| Financing activities | | |
| Proceeds from exercise of stock options | 462 | 1,017 |
| Payment of deferred initial public offering costs | — | (1,807) |
| Borrowings from warehouse credit facilities | — | 2,932 |
| Repayments of warehouse credit facilities | — | (2,403) |
| Net cash provided by (used in) financing activities | 462 | (261) |
| Net change in cash and cash equivalents | (20,860) | (9,820) |
| Cash and cash equivalents: | | |
| Beginning of period | 85,597 | 64,030 |
| End of period | \$ 64,737 | \$ 54,210 |
| Supplemental disclosure of non-cash investing and financing activities | | |
| Accretion of redeemable convertible preferred stock | \$ 59,869 | \$ (135,690) |
| Stock-based compensation capitalized in property and equipment | \$ (39) | \$ (131) |
| Deferred initial public offering cost accruals | \$ — | \$ (343) |
| Leasehold improvements paid directly by lessor | \$ — | \$ (104) |

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

| | Jun. 30, 2015 | Sep. 30, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 | Sep. 30, 2016 | Dec. 31, 2016 | Mar. 31, 2017 | Jun. 30, 2017 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Monthly average visitors (in thousands) | 12,381 | 13,060 | 11,142 | 13,987 | 17,021 | 17,795 | 16,058 | 20,162 | 24,400 |
| Real estate transactions: | | | | | | | | | |
| Brokerage | 5,465 | 5,653 | 4,510 | 4,005 | 7,497 | 7,934 | 6,432 | 5,692 | 10,221 |
| Partner | 2,456 | 2,718 | 2,273 | 1,936 | 2,602 | 2,663 | 2,281 | 2,041 | 2,874 |
| Total | <u>7,921</u> | <u>8,371</u> | <u>6,783</u> | <u>5,941</u> | <u>10,099</u> | <u>10,597</u> | <u>8,713</u> | <u>7,733</u> | <u>13,095</u> |
| Real estate revenue per real estate transaction: | | | | | | | | | |
| Brokerage | \$ 9,243 | \$ 9,343 | \$ 9,242 | \$ 9,485 | \$ 9,524 | \$ 9,333 | \$ 9,428 | \$ 9,570 | \$ 9,301 |
| Partner | 1,164 | 1,191 | 1,177 | 1,224 | 1,633 | 1,932 | 1,991 | 1,911 | 1,945 |
| Aggregate | 6,738 | 6,696 | 6,539 | 6,793 | 7,491 | 7,474 | 7,481 | 7,548 | 7,687 |
| Aggregate home value of real estate transactions (in millions) | 3,601 | 3,837 | 2,984 | 2,599 | 4,684 | 4,898 | 4,018 | 3,470 | 6,119 |
| U.S. market share by value | 0.44% | 0.46% | 0.46% | 0.48% | 0.53% | 0.57% | 0.56% | 0.58% | 0.64% |
| Revenue from top-10 Redfin markets as a percentage of real estate revenue | 78% | 76% | 73% | 71% | 74% | 72% | 71% | 68% | 69% |
| Average number of lead agents | 568 | 621 | 667 | 743 | 756 | 756 | 796 | 935 | 1,010 |

**Three Months Ended
June 30,**

Six Months Ended June 30,

2016

2017

2016

2017

(in thousands)

Revenue by segment:

| | | | | |
|---------------------------|---------------|----------------|----------------|----------------|
| Brokerage revenue | \$ 71,401 | \$ 95,069 | \$ 109,388 | \$ 149,540 |
| Partner revenue | 4,248 | 5,589 | 6,618 | 9,490 |
| Total real estate revenue | <u>75,649</u> | <u>100,658</u> | <u>116,006</u> | <u>159,030</u> |
| Other revenue | 2,065 | 4,277 | 3,343 | 5,772 |
| Total revenue | <u>77,714</u> | <u>104,935</u> | <u>119,349</u> | <u>164,802</u> |

Cost of revenue by segment:

| | | | | |
|-----------------------------|---------------|---------------|---------------|----------------|
| Real estate cost of revenue | 48,293 | 63,436 | 85,022 | 114,592 |
| Other cost of revenue | 2,010 | 4,539 | 3,786 | 6,875 |
| Total cost of revenue | <u>50,303</u> | <u>67,975</u> | <u>88,808</u> | <u>121,467</u> |

Gross profit by segment:

| | | | | |
|--------------------------|------------------|------------------|------------------|------------------|
| Real estate gross profit | 27,356 | 37,222 | 30,984 | 44,438 |
| Other gross profit | 55 | (262) | (443) | (1,103) |
| Total gross profit | <u>\$ 27,411</u> | <u>\$ 36,960</u> | <u>\$ 30,541</u> | <u>\$ 43,335</u> |