

**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) **August 1, 2019**

**Redfin Corporation**

(Exact name of registrant as specific 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, WA**

(Address of principal executive offices)

**98101**

(Zip Code)

**(206) 576-8333**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                              | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| <b>Common Stock, \$0.001 par value per share</b> | <b>RDFN</b>       | <b>The Nasdaq Global Select Market</b>    |

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 (see General Instruction A.2. below):

- 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 August 1, 2019, Redfin Corporation (the "Company") reported its financial results for the quarter ended June 30, 2019. A copy of the press release issued by the Company is furnished as Exhibit 99.1 to this report.

**Item 9.01 Financial Statements and Exhibits.**

| <b>Exhibit Number</b> | <b>Description</b>                                 |
|-----------------------|--|
| 99.1                  | <a href="#">Press release dated August 1, 2019</a> |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Redfin Corporation**  
(Registrant)

Date: August 1, 2019

/s/ Chris Nielsen  
\_\_\_\_\_  
Chris Nielsen  
Chief Financial Officer



## Redfin Second-Quarter 2019 Revenue up 39% Year-over-Year to \$197.8 Million

SEATTLE - August 1, 2019 - Redfin Corporation (NASDAQ: RDFN) today announced financial results for the second quarter ended June 30, 2019. All financial measures, unless otherwise noted, are presented on a GAAP basis and include stock-based compensation as well as depreciation and amortization expenses.

Revenue increased 39% year-over-year to \$197.8 million during the second quarter. Gross profit was \$48.3 million, an increase of 7% from \$45.2 million in the second quarter of 2018. Gross margin was 24%, compared to 32% in the second quarter of 2018. Real estate services gross profit was \$49.2 million, an increase of 8% from \$45.5 million in the second quarter of 2018. Real estate services gross margin was 32%, compared to 35% in the second quarter of 2018. Operating expenses were \$60.8 million, an increase of 42% from \$42.8 million in the second quarter of 2018. Operating expenses were 31% of revenue, up from 30% in the second quarter of 2018.

Net loss was \$12.6 million, compared to net income of \$3.2 million in the second quarter of 2018. Stock-based compensation was \$5.9 million, up from \$4.8 million in the second quarter of 2018. Depreciation and amortization was \$2.2 million, up from \$1.9 million in the second quarter of 2018. Interest income was \$1.9 million and interest expense was \$2.2 million, up from \$0.7 million and zero, respectively, in the second quarter of 2018.

Net loss per share, basic and diluted, was \$0.14, compared to net income per share, basic and diluted, of \$0.04 in the second quarter of 2018.

“The second quarter is a turning point for our company,” said Redfin CEO Glenn Kelman. “Year-over-year growth in website traffic, brokerage sales, and revenues overall accelerated for the second straight quarter. Our new businesses have built the infrastructure and delivered the results needed for more rapid expansion, with significant margin gains in mortgage and title, and integrated field execution for instant-offers and the brokerage. The years of work we’ve invested in each of these businesses are now positioning us to be the first to deliver a complete solution at a national scale for people moving from one home to the next.”

### Highlights

- Reached market share of 0.94% of U.S. existing home sales by value in the second quarter of 2019, an increase of 0.11 percentage points from the first quarter of 2019, and an increase of 0.11 percentage points from the second quarter of 2018.<sup>(1)</sup>
- Continued to drive strong traffic growth, with visitors to our website and mobile application increasing by 27% over the second quarter of 2018.
- Saved Redfin homebuyers and sellers over \$54 million in the second quarter, compared to a 2.5% commission typically charged by traditional agents.
- Expanded brokerage service to Vancouver, BC and Des Moines, IA. Redfin is now reaching customers across 92 markets and serves 78% of the U.S. population.

- Rolled out a new Buyer Deal Room on both iOS and Android to help our homebuyers stay up to date on key milestones and to-dos in their home purchase right from our mobile application.
- Added marketing stats to our sellers' personalized dashboard to show them all of the ways Redfin is marketing their home to likely buyers through email, social media, and push notifications.
- Expanded Redfin Mortgage to Florida, Maryland, and Tennessee. Invested in our proprietary efficiency tools and software for our mortgage team to further streamline the preapproval, underwriting, and closing process.
- Rolled out a new Redfin Mortgage closing disclosure tool that is saving our closing department 50 minutes per loan.
- Expanded RedfinNow to Denver. As of the end of the second quarter, RedfinNow was also available in Dallas, TX, Los Angeles, San Diego, Inland Empire, and Orange County, CA.
- Rolled out integrated home-selling consultations to Denver, where a Redfin listing agent now presents the RedfinNow cash offer alongside her presentation of what the home could list for on the open market. This service is also available in Dallas.
- Developed software that lets people unlock a RedfinNow listing from their smartphone and tour on demand. It is now available in Dallas, San Diego, and the Inland Empire.
- Launched Redfin Direct in Boston, allowing unrepresented homebuyers to make offers on Redfin listings using a step-by-step online tool, which in turn can help Redfin sellers save money in buyer agent commission fees. During the second quarter, our listings received 52 Direct offers, resulting in 4 closings.
- Opened a new office in Frisco, TX for our rapidly growing mortgage, RedfinNow, and brokerage teams. It's also a new engineering hub for Redfin, our first outside of Seattle and San Francisco. These engineers will sit alongside our brokerage, title, and mortgage teams and build technology to deliver a complete home buying and selling solution to our customers.

<sup>(1)</sup> We calculate the aggregate value of U.S. home sales by multiplying the total number of U.S. existing home sales by the mean sale price of these homes, each as reported by the National Association of REALTORS®. We calculate our market share by aggregating the home value of 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 August 1, 2019, and are subject to substantial uncertainty.

For the third quarter of 2019 we expect:

- Total revenue between \$223 million and \$233 million, representing year-over-year growth between 59% and 66% compared to the third quarter of 2018. Properties segment revenue between \$67 million and \$72 million is included in the guidance provided.
- Net income between \$3.4 million and \$6.4 million, compared to net income of \$3.5 million in the third quarter of 2018. This guidance includes approximately \$6.6 million of expected stock-based compensation and \$2.5 million of expected depreciation and amortization.

## **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, 2018, as supplemented by our Quarterly Report for the quarter ended June 30, 2019, both of which are available on our Investor Relations website at <http://investors.redfin.com> and on the SEC website at [www.sec.gov](http://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](http://www.redfin.com)) is a technology-powered residential real estate company. Founded by software engineers, we run the country's #1 most-visited brokerage website and offer a host of online tools to consumers, including the *Redfin Estimate*. We represent people buying and selling homes in over 90 markets throughout the United States and Canada. 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 2018, we have helped customers buy or sell more than 170,000 homes worth more than \$85 billion.

Redfin-F

## Contacts

### Investor Relations

Elena Perron, 206-576-8610

[ir@redfin.com](mailto:ir@redfin.com)

### Public Relations

Mariam Sughayer, 206-876-1322

[press@redfin.com](mailto:press@redfin.com)

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

|  | Three Months Ended June 30, |                 | Six Months Ended June 30, |                    |
|--|-----------------------------|-----------------|---------------------------|--------------------|
|  | 2019                        | 2018            | 2019                      | 2018               |
| Revenue  |                             |                 |                           |                    |
| Service  | \$ 157,872                  | \$ 133,656      | \$ 246,641                | \$ 210,498         |
| Product  | 39,908                      | 8,986           | 61,281                    | 12,038             |
| Total revenue                                    | <u>197,780</u>              | <u>142,642</u>  | <u>307,922</u>            | <u>222,536</u>     |
| Cost of revenue <sup>(1)</sup>                   |                             |                 |                           |                    |
| Service  | 108,528                     | 88,341          | 192,923                   | 159,196            |
| Product  | 40,906                      | 9,088           | 63,898                    | 12,430             |
| Total cost of revenue                            | <u>149,434</u>              | <u>97,429</u>   | <u>256,821</u>            | <u>171,626</u>     |
| Gross profit                                     | <u>48,346</u>               | <u>45,213</u>   | <u>51,101</u>             | <u>50,910</u>      |
| Operating expenses                               |                             |                 |                           |                    |
| Technology and development <sup>(1)</sup>        | 16,063                      | 13,033          | 31,620                    | 25,796             |
| Marketing <sup>(1)</sup>                         | 27,050                      | 14,435          | 60,250                    | 27,770             |
| General and administrative <sup>(1)</sup>        | 17,654                      | 15,288          | 39,102                    | 32,062             |
| Total operating expenses                         | <u>60,767</u>               | <u>42,756</u>   | <u>130,972</u>            | <u>85,628</u>      |
| Income (loss) from operations                    | <u>(12,421)</u>             | <u>2,457</u>    | <u>(79,871)</u>           | <u>(34,718)</u>    |
| Interest income                                  | 1,913                       | 729             | 4,229                     | 1,307              |
| Interest expense                                 | (2,153)                     | —               | (4,290)                   | —                  |
| Other income, net                                | 36                          | 21              | 128                       | 179                |
| Net income (loss)                                | <u>\$ (12,625)</u>          | <u>\$ 3,207</u> | <u>\$ (79,804)</u>        | <u>\$ (33,232)</u> |
| Net income (loss) per share - basic              | \$ (0.14)                   | \$ 0.04         | \$ (0.88)                 | \$ (0.40)          |
| Net income (loss) per share - diluted            | \$ (0.14)                   | \$ 0.04         | \$ (0.88)                 | \$ (0.40)          |
| Weighted average shares - basic                  | 91,216,886                  | 83,164,670      | 90,915,334                | 82,590,979         |
| Weighted average shares - diluted                | 91,216,886                  | 90,743,178      | 90,915,334                | 82,590,979         |
| Net income (loss)                                | \$ (12,625)                 | \$ 3,207        | \$ (79,804)               | \$ (33,232)        |
| Other comprehensive income:                      |                             |                 |                           |                    |
| Foreign currency translation adjustments         | 37                          | —               | 38                        | —                  |
| Unrealized gain on available-for-sale securities | 6                           | —               | 6                         | —                  |
| Total comprehensive income (loss)                | <u>\$ (12,582)</u>          | <u>\$ 3,207</u> | <u>\$ (79,760)</u>        | <u>\$ (33,232)</u> |

<sup>(1)</sup> Includes stock-based compensation as follows:

|                            | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|----------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                            | 2019                        | 2018            | 2019                      | 2018            |
| Cost of revenue            | \$ 1,328                    | \$ 1,392        | \$ 2,793                  | \$ 2,691        |
| Technology and development | 2,685                       | 1,726           | 5,341                     | 3,200           |
| Marketing                  | 349                         | 157             | 635                       | 276             |
| General and administrative | 1,514                       | 1,503           | 3,513                     | 2,808           |
| Total                      | <u>\$ 5,876</u>             | <u>\$ 4,778</u> | <u>\$ 12,282</u>          | <u>\$ 8,975</u> |

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

|  | June 30, 2019 | December 31, 2018 |
|--|---------------|-------------------|
| <b>Assets</b>  |               |                   |
| Current assets   |               |                   |
| Cash and cash equivalents  | \$ 241,104    | \$ 432,608        |
| Restricted cash  | 18,133        | 6,446             |
| Short-term investments   | 35,365        | —                 |
| Accrued revenue, net   | 38,686        | 15,363            |
| Inventory  | 85,654        | 22,694            |
| Loans held for sale  | 30,169        | 4,913             |
| Prepaid expenses   | 6,763         | 11,916            |
| Other current assets   | 5,860         | 2,307             |
| Total current assets   | 461,734       | 496,247           |
| Long-term investments  | 34,954        | —                 |
| Property and equipment, net  | 35,675        | 25,187            |
| Right of use assets, net   | 44,830        | —                 |
| Goodwill and intangibles, net  | 11,748        | 11,992            |
| Other non-current assets   | 10,627        | 9,395             |
| Total assets   | 599,568       | 542,821           |
| <b>Liabilities and stockholders' equity</b>  |               |                   |
| Current liabilities  |               |                   |
| Accounts payable   | 4,217         | 2,516             |
| Accrued liabilities  | 57,423        | 30,837            |
| Other payables   | 18,250        | 6,544             |
| Borrowings under warehouse credit facilities   | 29,427        | 4,733             |
| Current operating lease liabilities  | 8,719         | —                 |
| Current portion of deferred rent   | 36            | 1,588             |
| Total current liabilities  | 118,072       | 46,218            |
| Non-current operating lease liabilities  | 52,634        | —                 |
| Deferred rent  | —             | 11,079            |
| Convertible senior notes, net  | 116,617       | 113,586           |
| Total liabilities  | 287,323       | 170,883           |
| Commitments and contingencies  |               |                   |
| <b>Stockholders' equity</b>  |               |                   |
| Common stock—par value \$0.001 per share; 500,000,000 shares authorized; 91,777,537 and 90,151,341 shares issued and outstanding, respectively | 92            | 90                |
| Additional paid-in capital   | 562,894       | 542,829           |
| Accumulated other comprehensive income   | 44            | —                 |
| Accumulated deficit  | (250,785)     | (170,981)         |
| Total stockholders' equity   | 312,245       | 371,938           |
| Total liabilities and stockholders' equity   | \$ 599,568    | \$ 542,821        |



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

|  | Six Months Ended June 30, |                   |
|--|---------------------------|-------------------|
|  | 2019                      | 2018              |
| <b>Operating activities</b>  |                           |                   |
| Net loss   | \$ (79,804)               | \$ (33,232)       |
| Adjustments to reconcile net loss to net cash used in operating activities |                           |                   |
| Depreciation and amortization  | 3,809                     | 3,902             |
| Stock-based compensation   | 12,282                    | 8,974             |
| Amortization of debt discount and issuance costs                           | 3,031                     | —                 |
| Non-cash lease expense   | 2,943                     | —                 |
| Other  | (100)                     | —                 |
| Change in assets and liabilities   |                           |                   |
| Accrued revenue  | (23,323)                  | (5,568)           |
| Inventory  | (62,960)                  | (11,137)          |
| Prepaid expenses and other assets  | 1,230                     | 3,682             |
| Accounts payable   | 1,350                     | 1,934             |
| Accrued liabilities and other payables                                     | 26,494                    | 7,481             |
| Operating lease liabilities  | (3,301)                   | —                 |
| Deferred rent  | (5)                       | (583)             |
| Origination of loans held for sale   | (153,335)                 | (29,249)          |
| Proceeds from sale of loans originated as held for sale                    | 128,080                   | 27,555            |
| Net cash used in operating activities                                      | <u>(143,609)</u>          | <u>(26,241)</u>   |
| <b>Investing activities</b>  |                           |                   |
| Purchases of investments   | (70,312)                  | —                 |
| Sales of investments   | 100                       | —                 |
| Purchases of property and equipment  | (9,504)                   | (4,045)           |
| Net cash used in investing activities                                      | <u>(79,716)</u>           | <u>(4,045)</u>    |
| <b>Financing activities</b>  |                           |                   |
| Proceeds from the exercise of stock options                                | 8,965                     | 14,394            |
| Tax payments related to net share settlements on restricted stock units    | (1,792)                   | (227)             |
| Borrowings from warehouse credit facilities                                | 149,900                   | 28,551            |
| Repayments of warehouse credit facilities                                  | (125,206)                 | (27,076)          |
| Other payables - deposits held in escrow                                   | 11,602                    | 13,631            |
| Net cash provided by financing activities                                  | <u>43,469</u>             | <u>29,273</u>     |
| Effect of exchange rate changes on cash and cash equivalents               | 38                        | —                 |
| Net change in cash, cash equivalents, and restricted cash                  | (179,818)                 | (1,013)           |
| Cash, cash equivalents, and restricted cash                                |                           |                   |
| Beginning of period  | 439,055                   | 212,658           |
| End of period  | <u>\$ 259,237</u>         | <u>\$ 211,645</u> |

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

**Three Months Ended**

|  | <b>Jun. 30, 2019</b> | <b>Mar. 31, 2019</b> | <b>Dec. 31, 2018</b> | <b>Sep. 30, 2018</b> | <b>Jun. 30, 2018</b> | <b>Mar. 31, 2018</b> | <b>Dec. 31, 2017</b> | <b>Sep. 30, 2017</b> | <b>Jun. 30, 2017</b> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Monthly average visitors (in thousands)  | 36,557               | 31,107               | 25,212               | 29,236               | 28,777               | 25,820               | 21,377               | 24,518               | 24,400               |
| Real estate services transactions  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Brokerage  | 15,580               | 8,435                | 9,822                | 12,876               | 12,971               | 7,285                | 8,598                | 10,527               | 10,221               |
| Partner  | 3,357                | 2,125                | 2,749                | 3,333                | 3,289                | 2,237                | 2,739                | 3,101                | 2,874                |
| Total  | <u>18,937</u>        | <u>10,560</u>        | <u>12,571</u>        | <u>16,209</u>        | <u>16,260</u>        | <u>9,522</u>         | <u>11,337</u>        | <u>13,628</u>        | <u>13,095</u>        |
| Real estate services revenue per transaction                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Brokerage  | \$ 9,332             | \$ 9,640             | \$ 9,569             | \$ 9,227             | \$ 9,510             | \$ 9,628             | \$ 9,659             | \$ 9,289             | \$ 9,301             |
| Partner  | 2,218                | 2,153                | 2,232                | 2,237                | 2,281                | 2,137                | 2,056                | 1,960                | 1,945                |
| Aggregate  | 8,071                | 8,134                | 7,964                | 7,790                | 8,048                | 7,869                | 7,822                | 7,621                | 7,687                |
| Aggregate home value of real estate services transactions (in millions)            | \$ 8,986             | \$ 4,800             | \$ 5,825             | \$ 7,653             | \$ 7,910             | \$ 4,424             | \$ 5,350             | \$ 6,341             | \$ 6,119             |
| U.S. market share by value   | 0.94%                | 0.83%                | 0.81%                | 0.85%                | 0.83%                | 0.73%                | 0.71%                | 0.71%                | 0.64%                |
| Revenue from top-10 Redfin markets as a percentage of real estate services revenue | 64%                  | 64%                  | 66%                  | 66%                  | 68%                  | 66%                  | 69%                  | 69%                  | 69%                  |
| Average number of lead agents  | 1,603                | 1,503                | 1,419                | 1,397                | 1,415                | 1,327                | 1,118                | 1,028                | 1,010                |

**Redfin Corporation and Subsidiaries**  
**Supplemental Financial Information**  
(unaudited, in thousands)

|                                      | Three Months Ended June 30, |                   | Six Months Ended June 30, |                   |
|--------------------------------------|-----------------------------|-------------------|---------------------------|-------------------|
|                                      | 2019                        | 2018              | 2019                      | 2018              |
| <b>Revenue by segment</b>            |                             |                   |                           |                   |
| Brokerage revenue                    | \$ 145,399                  | \$ 123,355        | \$ 226,713                | \$ 193,498        |
| Partner revenue                      | 7,447                       | 7,503             | 12,023                    | 12,285            |
| Total real estate services revenue   | 152,846                     | 130,858           | 238,736                   | 205,783           |
| Properties revenue                   | 39,908                      | 8,986             | 61,281                    | 12,038            |
| Other revenue                        | 5,281                       | 2,798             | 8,329                     | 4,715             |
| Intercompany eliminations            | (255)                       | —                 | (424)                     | —                 |
| Total revenue                        | <u>\$ 197,780</u>           | <u>\$ 142,642</u> | <u>\$ 307,922</u>         | <u>\$ 222,536</u> |
| <b>Cost of revenue by segment</b>    |                             |                   |                           |                   |
| Real estate services cost of revenue | \$ 103,616                  | \$ 85,337         | \$ 184,399                | \$ 153,501        |
| Properties cost of revenue           | 40,906                      | 9,088             | 63,898                    | 12,430            |
| Other cost of revenue                | 5,167                       | 3,004             | 8,948                     | 5,695             |
| Intercompany eliminations            | (255)                       | —                 | (424)                     | —                 |
| Total cost of revenue                | <u>\$ 149,434</u>           | <u>\$ 97,429</u>  | <u>\$ 256,821</u>         | <u>\$ 171,626</u> |
| <b>Gross profit by segment</b>       |                             |                   |                           |                   |
| Real estate services gross profit    | \$ 49,230                   | \$ 45,521         | 54,337                    | 52,282            |
| Properties gross profit              | (998)                       | (102)             | (2,617)                   | (392)             |
| Other gross profit                   | 114                         | (206)             | (619)                     | (980)             |
| Total gross profit                   | <u>\$ 48,346</u>            | <u>\$ 45,213</u>  | <u>\$ 51,101</u>          | <u>\$ 50,910</u>  |