Porch Group



Love your home.
For moving and improving and everything in between.

Q3 2022 Earnings Presentation November 8, 2022

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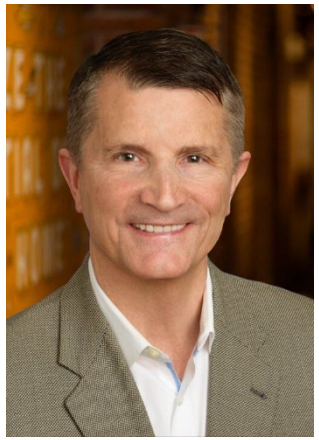
Presenters



Matt Ehrlichman
CEO, Chairman & Founder



Marty Heimbigner
Chief Financial Officer



Matthew Neagle
Chief Operating Officer



Adam Kornick
President, Insurance Division



Malcolm Conner
VP and Group GM, Warranty Division

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Non-GAAP Financial Measures

This presentation includes one or more non-GAAP financial measures, such as Adjusted EBITDA (loss), Adjusted EBITDA (loss) as a percentage of revenue, and average revenue per monetized service.

Porch defines Adjusted EBITDA (loss) as net income (loss) adjusted for interest expense, net, income taxes, other expenses, net, depreciation and amortization, certain non-cash long-lived asset impairment charges, stock-based compensation expense and acquisition-related impacts, including compensation to the sellers that requires future service, amortization of intangible assets, gains (losses) recognized on changes in the value of contingent consideration arrangements, if any, gain or loss on divestitures and certain transaction costs. Adjusted EBITDA (loss) as a percentage of revenue is defined as Adjusted EBITDA (loss) divided by GAAP total revenue. When calculating average revenue per monetized services in quarter, "average revenue" is the average transaction revenue generated per monetized service performed in a quarterly period. When calculating average revenue per monetized service in quarter, average revenue is defined as total quarterly monetized service revenues generated from monetized services.

Porch management uses these non-GAAP financial measures as supplemental measures of Porch's operating and financial performance, for internal budgeting and forecasting purposes, to evaluate financial and strategic planning matters, and to establish certain performance goals for incentive programs. Porch believes that the use of these non-GAAP financial measures provides investors with useful information to evaluate Porch's operating and financial performance and trends and in comparing Porch's financial results with competitors, other similar companies and companies across different industries, many of which present similar non-GAAP financial measures to investors. However, Porch's definitions and methodology in calculating these non-GAAP measures may not be comparable to those used by other companies. In addition, Porch may modify the presentation of these non-GAAP financial measures in the future, and any such modification may be material.

You should not consider these non-GAAP financial measures in isolation, as a substitute to or superior to financial performance measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude specified income and expenses, some of which may be significant or material, that are required by GAAP to be recorded in Porch's consolidated financial statements. Porch may also incur future income or expenses similar to those excluded from these non-GAAP financial measures, and Porch's presentation of these measures should not be construed as an inference that future results will be unaffected by unusual or non-recurring items. In addition, these non-GAAP financial measures reflect the exercise of management judgment about which income and expense are included or excluded in determining these non-GAAP financial measures.

You should review the tables accompanying Porch's earnings release available at www.sec.gov for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measure. Porch is not providing reconciliations of non-GAAP financial measures for future periods to the most directly comparable measures prepared in accordance with GAAP. Porch is unable to provide these reconciliations without unreasonable effort because certain information necessary to calculate such measures on a GAAP basis is unavailable or dependent on the timing of future events outside of Porch's control.

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Agenda

1. Strategy Recap
2. Q3 2022 Results & Guidance
3. Segments & KPIs
4. Deep Dive: 3Q Insurance Results
5. Deep Dive: Porch Warranty
6. Q&A

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Q3 2022 Earnings Call

CEO Update

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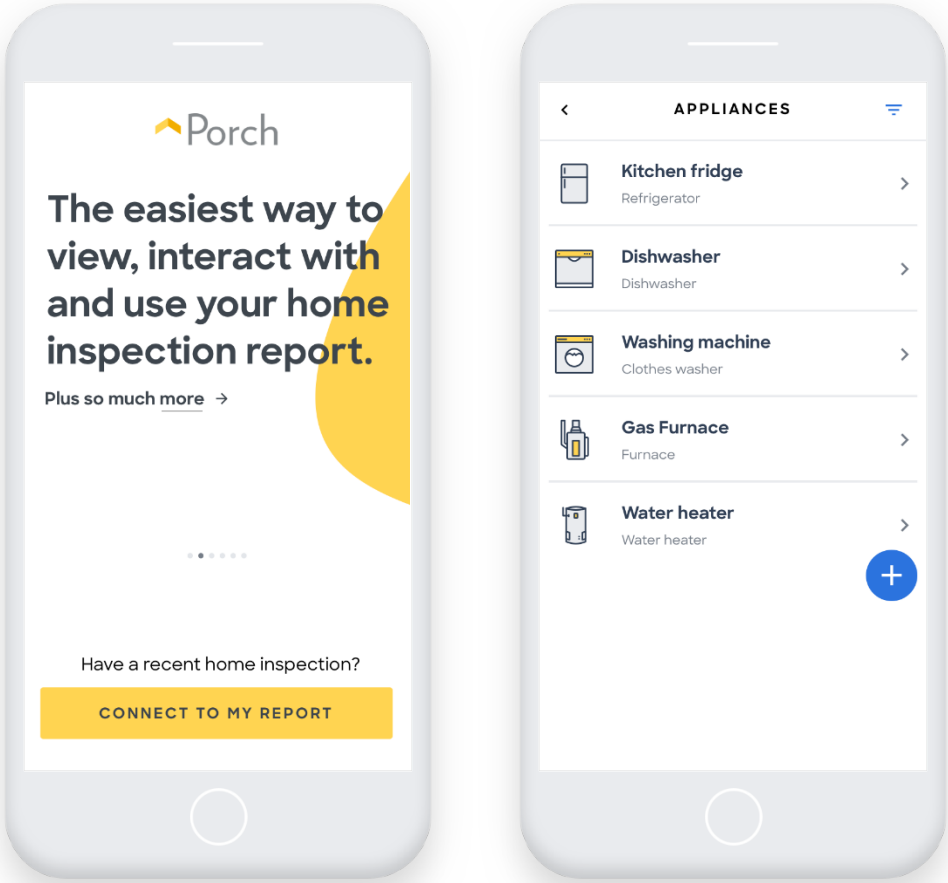
Strong execution in challenging macro environment

Successes

- ✓ Affirming 2H23 Adjusted EBITDA profitability outlook
- ✓ Insurance rate increases approved in TX and SC
- ✓ Progressing capital efficiency of Insurance business
- ✓ Continued consumer app roll-out in inspection industry
- ✓ Board authorized $15M repurchase of stock or convertible note

Challenges

- Volatile Weather; including Hurricane Ian & inflationary impacts on insurance costs
- Further housing market declines impact on revenue
- Non-Cash Intangible and Goodwill Impairment related to market changes



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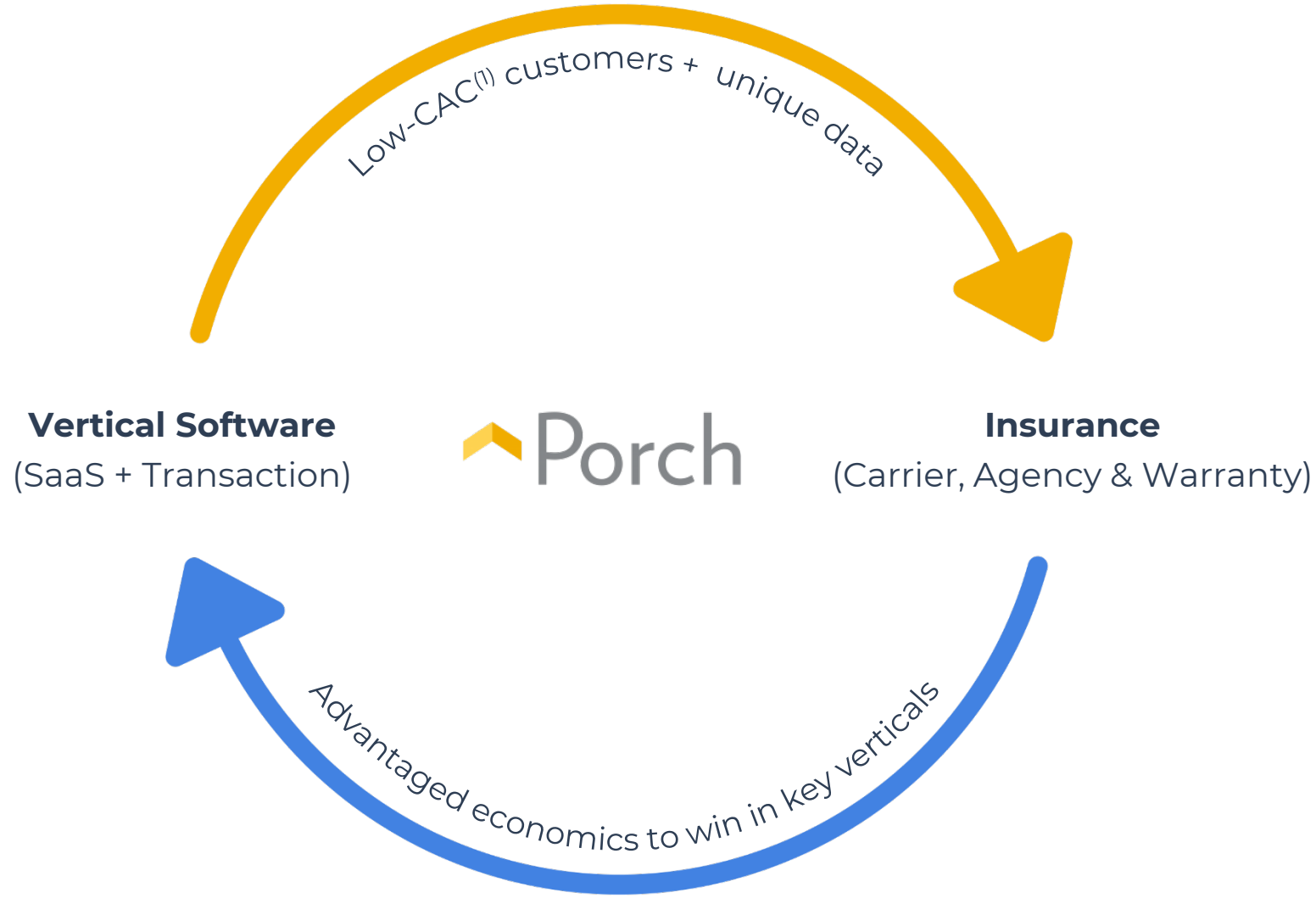
Porch, the Vertical Software Platform for the Home



(1) Customer acquisition cost

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Key Focus Areas for 2022

1. Sell Vertical Software to more companies, increasing our reach in key strategic verticals
2. Embed and expand B2B2C Transactions via our privileged access to consumers
3. Enhance Consumer Experience and Conversion via app, digital, and concierge experiences
4. Profitably grow our capital light Insurance revenue via geographic and product expansion
5. Begin to leverage Proprietary Data to improve insurance and warranty risk-based pricing
6. Integration of past M&A, including SOX-related processes and controls

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Porch Group Welcomes Key Team Members



Shawn Tabak
Chief Financial Officer



Nick Graham
SVP, GM – Moving Group



Amanda Reierson
Independent Director



Camilla Velasquez
Independent Director



No Jerks / No Egos



Care Deeply



Be Ambitious



Together We Win



Solve Each Problem

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Q3 2022 Results & Guidance

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Third Quarter 2022 Results

Consolidated Results

$75.4M
Revenue

56%
Revenue Less
Cost of Revenue Margin

-17%
Adj. EBITDA Margin(1)

Vertical Software Segment

$44.5M
Revenue

73%
Revenue Less
Cost of Revenue Margin

11%
Adj. EBITDA
Margin(1,2)

Insurance Segment

$30.9M
Revenue

40%
Revenue Less
Cost of Revenue Margin

-7%
Adj. EBITDA
Margin(1,3)

(1) Adjusted EBITDA is a non-GAAP measure. See Porch's Q3 2022 earnings release for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.
(2) Impact of preliminary estimate of shared allocation of corporate expense would indicate 4% Adjusted EBITDA (loss) as a percentage of revenue in the quarter
(3) Impact of preliminary estimate of shared allocation of corporate expense would indicate -11% Adjusted EBITDA (loss) as a percentage of revenue in the quarter;

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Updating Full Year 2022E Guidance

Previous 2022E Guidance

~$290M
Revenue

~$195M
Revenue Less Cost of Revenue

~-10% >-$30M
Adj EBITDA (1)

~$520M
Gross Written Premium
In-Year 2022 (2)

▲ Drivers:

- Lower than-expected home sales
- Worse than expected weather, including Hurricane Ian
- Higher insurance claims costs

Current 2022E Guidance

~$275M
Revenue

~$175M
Revenue Less Cost of Revenue

~-17% ~-$48M
Adj EBITDA (1)

~$520M
Gross Written Premium
In-Year 2022 (2)

(1) Adjusted EBITDA is a non-GAAP measure. See Porch's Q3 2022 earnings release for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.
(2) 2022 gross written premium guidance is stated as the total premium written by Porch's insurance agency, Homeowners of America, and Porch's warranty products, before deductions for reinsurance and ceding commissions at year-end.

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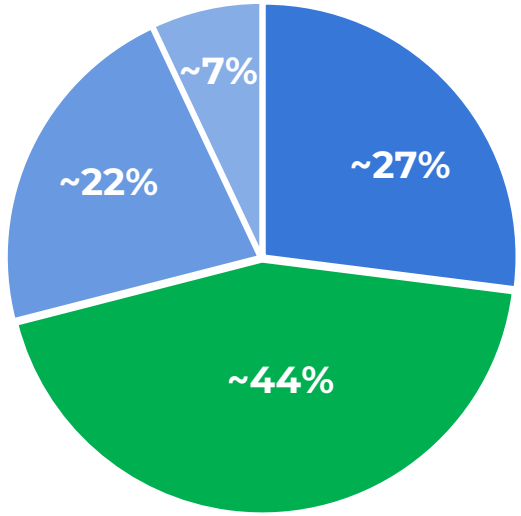
2022E Revenue:

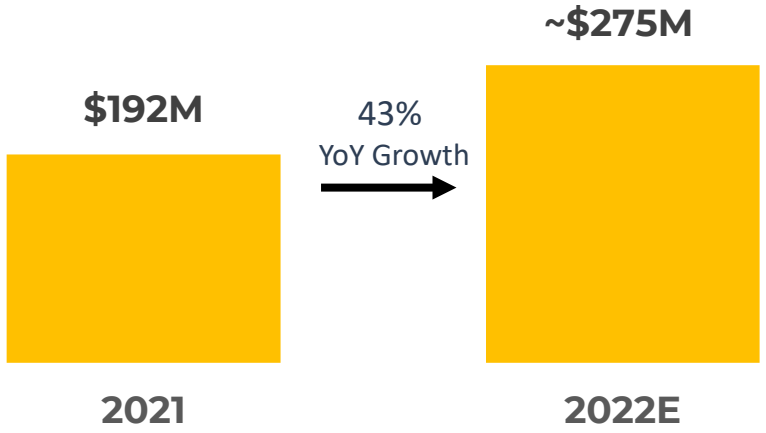
FY 2022E Guidance Revenue Distribution



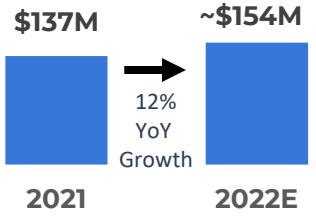
- **Software & Services Subscriptions (~27%)[1]**
  B2B Recurring Fees From Companies
- **Move-Related Services – Excl. Insurance Segment (~22%)[2]**
  B2B2C Transaction Revenue via Companies (Reoccurring)
- **Post-Move Services (~7%)[3]**
  Transaction Revenue
- **Insurance Segment (~44%)[2]**
  Insurance + Warranty (Recurring Revenue)

Year-over-Year Growth

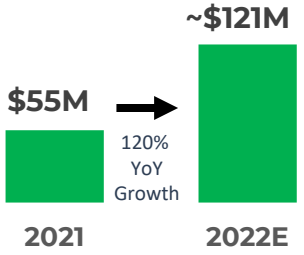
Consolidated Revenue



Vertical Software



Insurance



(1) B2B includes recurring fees paid by Companies to Porch for SaaS and other services
(2) B2B2C (Move-Related Services) includes revenue predominantly related to selling consumers insurance, moving, security and TV/internet, with the majority of these consumers being provided to Porch on a reoccurring basis by companies
(3) B2B2C and B2C (Post-Move Services) includes revenue predominantly related to connecting consumers with contractors across home maintenance and improvement projects with these consumers originating from both 1) companies on a reoccurring basis and 2) direct-to-consumer channels

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Profitability & KPIs

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Key Drivers to 2H 2023 Profitability



+ Approved insurance price increases & lower distribution costs
+ Reduced exposure to volatile weather impacts
+ G&A expense savings (SOX, D&O, etc)
+ Business growth while keeping G&A and R&D largely flat

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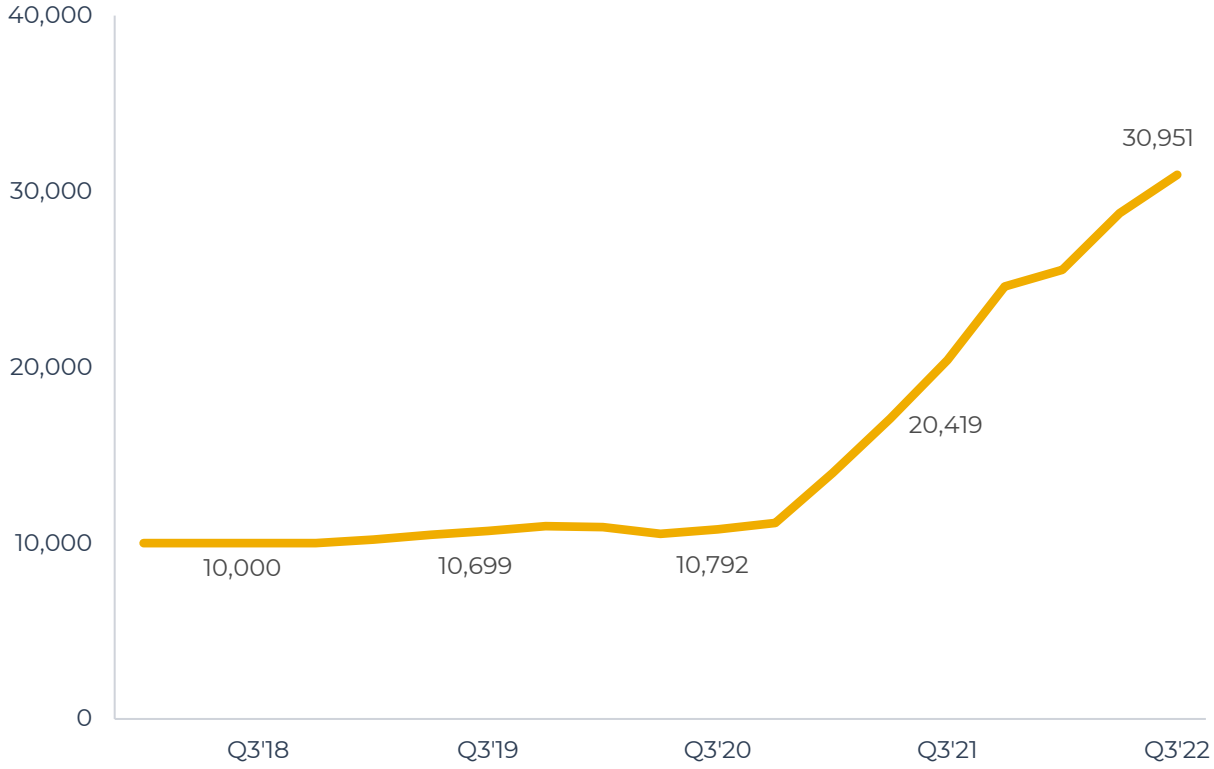
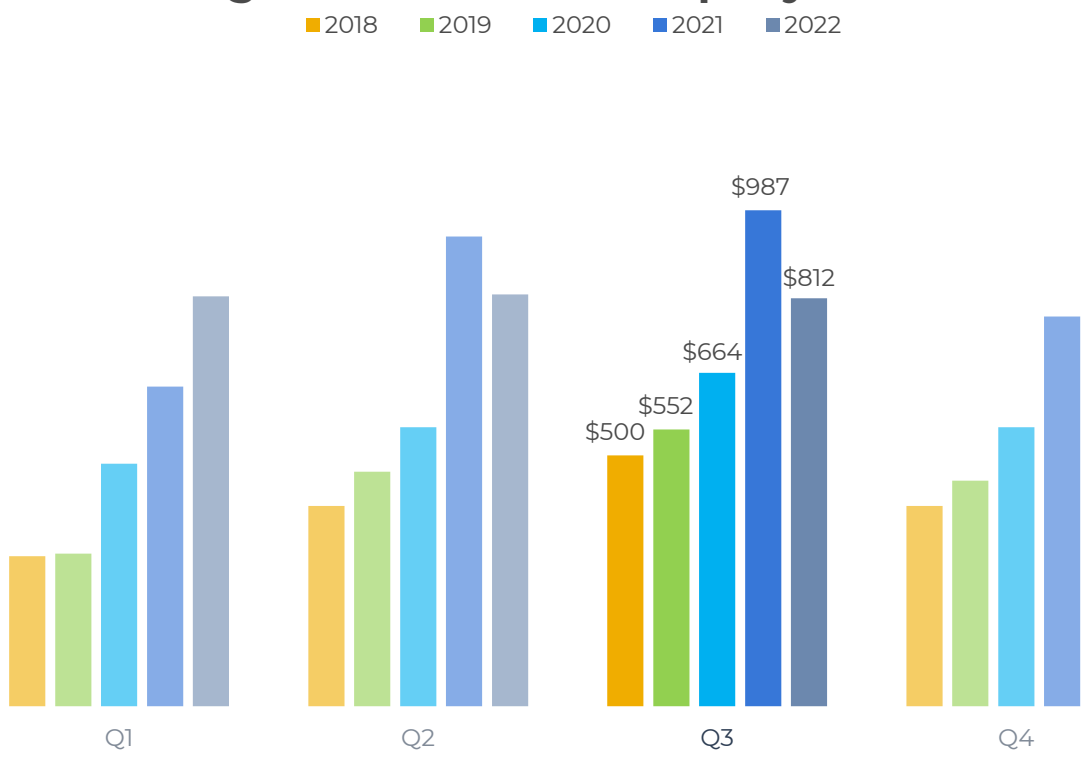
Number of Companies & Average Revenue Per Company

Average Number of Companies in a Quarter[1,4]



30,951 companies in Q3 2022

Average Revenue Per Company Per Month[2,3,4]



$812 revenue per company per month in Q3 2022

(1) Porch management defines average companies in a quarter as an average of the end of period number of companies with the beginning of period number, inclusive of all companies across Porch's home services verticals that (i) generate recurring revenue and (ii) generated revenue in the quarter. For new acquisitions, we determine the number of customers in their initial quarter based on the percentage of the quarter they were part of Porch.
(2) Average revenue per account per month in quarter is defined as the total revenue from the quarter generated across all our home services company customer accounts divided by the average number of companies in the period divided by 3 (to provide monthly revenue).
(3) Average revenue per company per month has been adjusted for Q2, Q3, Q4' 21 representing allocation of HOA revenue change among quarters – no change to full year revenue. See Porch's Q3 22 10Q for average revenue reconciliation.
(4) Number of Average Companies in Quarter and Average Revenue per Company per Month have been recalculated for Q2'2021 - Q2,'2022. See Porch's Q3' 22 10Q for full reconciliation

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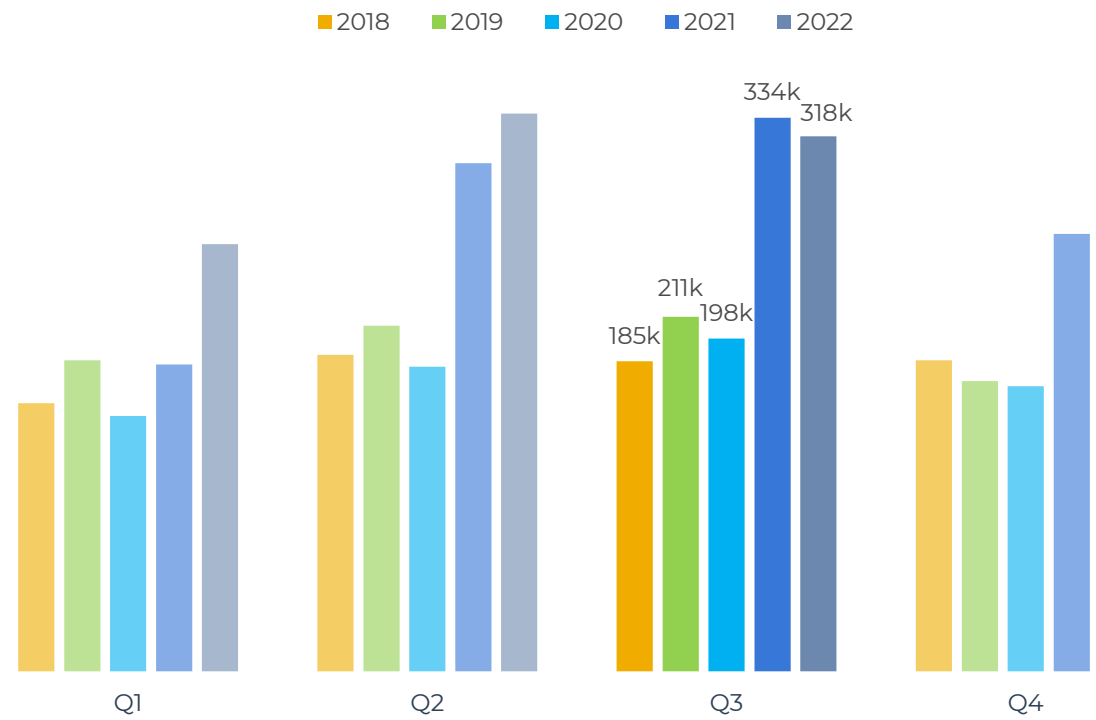
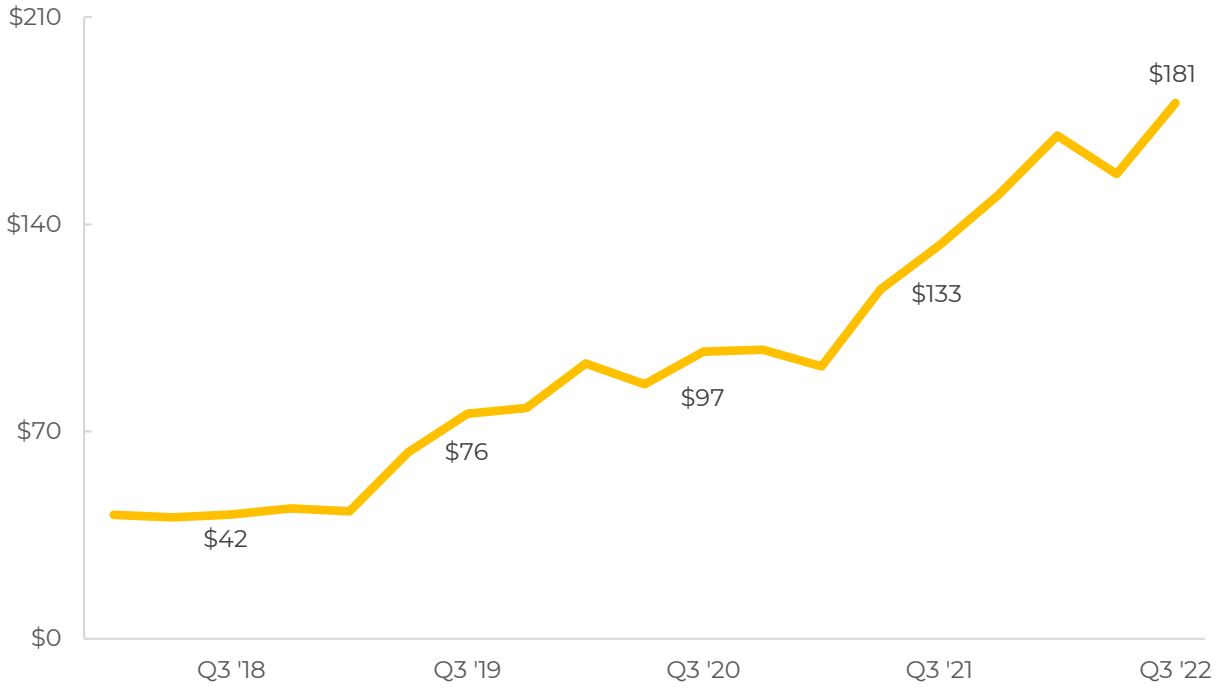
Monetized Services & Average Revenue Per Monetized Service

Number of Monetized Services in Quarter (1,4)



318,452 monetized services in Q3 2022

Average Revenue per Monetized Service (2,3,4)



$181 revenue per monetized service in Q3 2022

(1) Monetized Services per Quarter is defined as the total number of unique consumer services from which Porch generated revenue, including, but not limited to, new and renewing insurance customers, completed moving jobs, security installations, TV/internet installations or other home projects, measured over a quarterly period.
(2) When calculating Average Revenue per Monetized Service in quarter, "average revenue" is defined as total quarterly service transaction revenues generated from monetized services.
(3) Average revenue per company per month has been adjusted for Q2, Q3, Q4' 21 representing allocation of HOA revenue change among quarters – no change to full year revenue. See Porch's Q3' 22 10Q for average revenue reconciliation.
(4) Number of Monetized Services in Quarter and Average Revenue per Monetized Service have been recalculated for Q1'2021 - Q2,'2022. See Porch's Q3' 22 10Q for full reconciliation

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Insurance Segment: Q3 2022 Performance

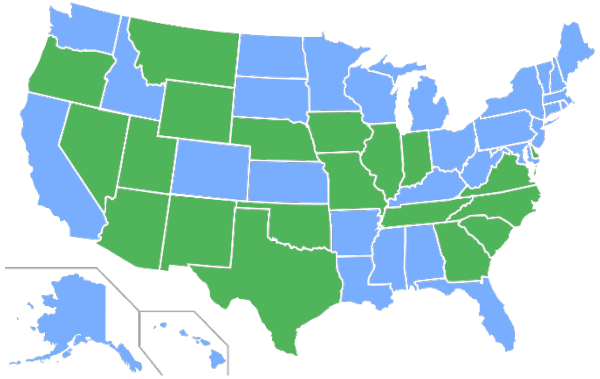
$157M
Q3 GWP[1]

391K
Policies

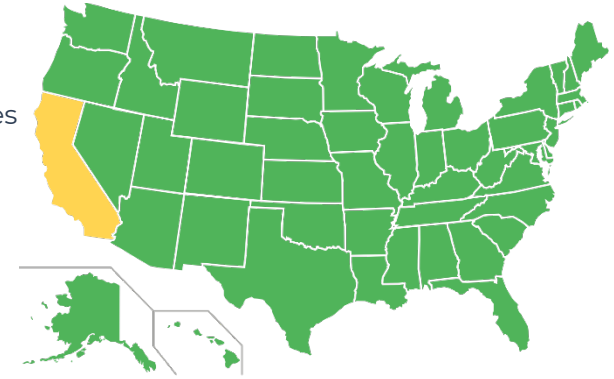
88%
Customer Retention[3]

$300
Annualized Revenue Per Policy[2]

Insurance
(Agency in 50 states. Carrier now live in **20 states**)



Warranty
(Live in 49 states and D.C.)



- Active states
- Approved / Signed (coming soon)
- Agency only

(1) Gross Written Premium ("GWP") is the total premium written by third-party insurance carriers through EIG, HOA's insurance operations, and full home warranty offerings for the face value of one year's premium, before deductions for reinsurance and ceding commissions written in the period
(2) Includes quarterly revenue for the segment divided by the number of policies in the segment multiplied by four
(3) Represents rolling 12 months ending September 2022 for HOA

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Insurance Deep Dive

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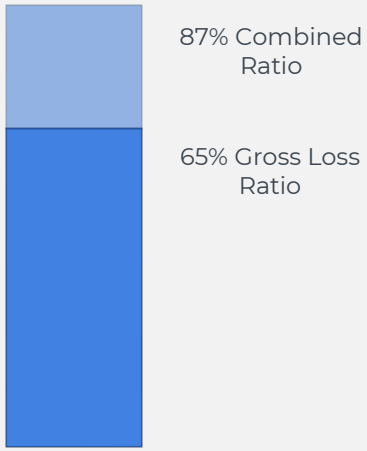
Q3 2022 Impacts to Insurance Gross Loss Ratio

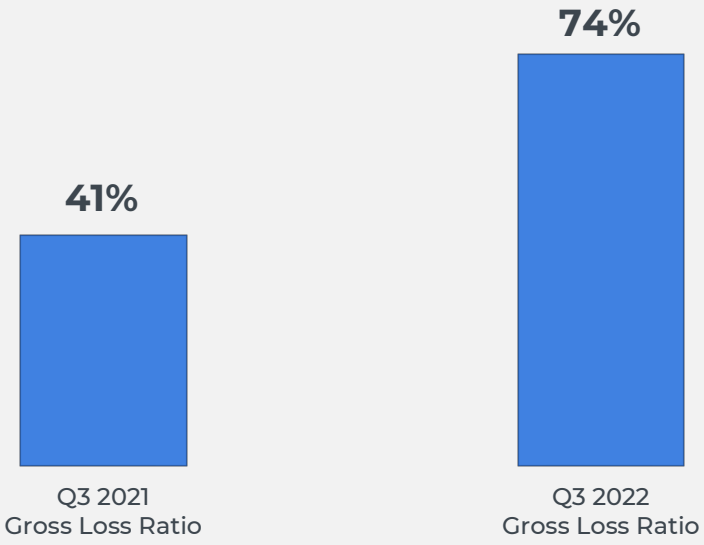
2022 Gross & Combined Ratios highlight successful underwriting performance

2022E Combined Ratio – 13% below S&P P&C Industry Expectations*



3Q'22 Gross Loss Ratio Driven By:

- Atypical weather events vs same periods historically
- Hurricane Ian-related impacts
- Inflation-related impacts on claims costs



*Sources: S&P Global Market Intelligence, proprietary estimates

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Porch Insurance's Proactive Approach to Profitable Growth

Price Increases	Approved in Texas (25%) & South Carolina (35%)	✓ Effective on policy renewal or initiation of new policy
Porch Home Plan	Insurance + warranty + home maintenance	✓ Early tests producing learnings and successes
Capital Efficiency	Exploring attractive structures	✓ Active in reinsurance discussions ✓ Reciprocal alternative approach

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Proprietary Data Used in Insurance Pricing

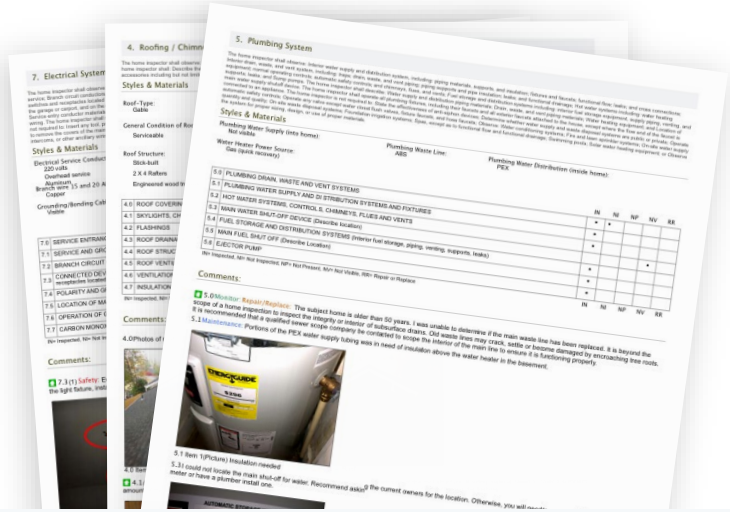
Filed & Approved ✔

Water heater location:

- AL, NC, SC, SD, TX
- AZ, VA, GA: Announced Q1'22

Filings Planned Before Year End:

Plumbing: Type of piping and characteristics
Roofing: Roof type, age and quality
Flooring: Type of flooring



Proprietary Data Under Consideration:

Residents
Data Advantage: Unique information we know about the borrowers

Systems and appliances
Data Advantage: Systems make, model, serial number, age and characteristics

Other
Data Advantage: Foundation and siding condition, number of potential issues

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Home Warranty Deep Dive

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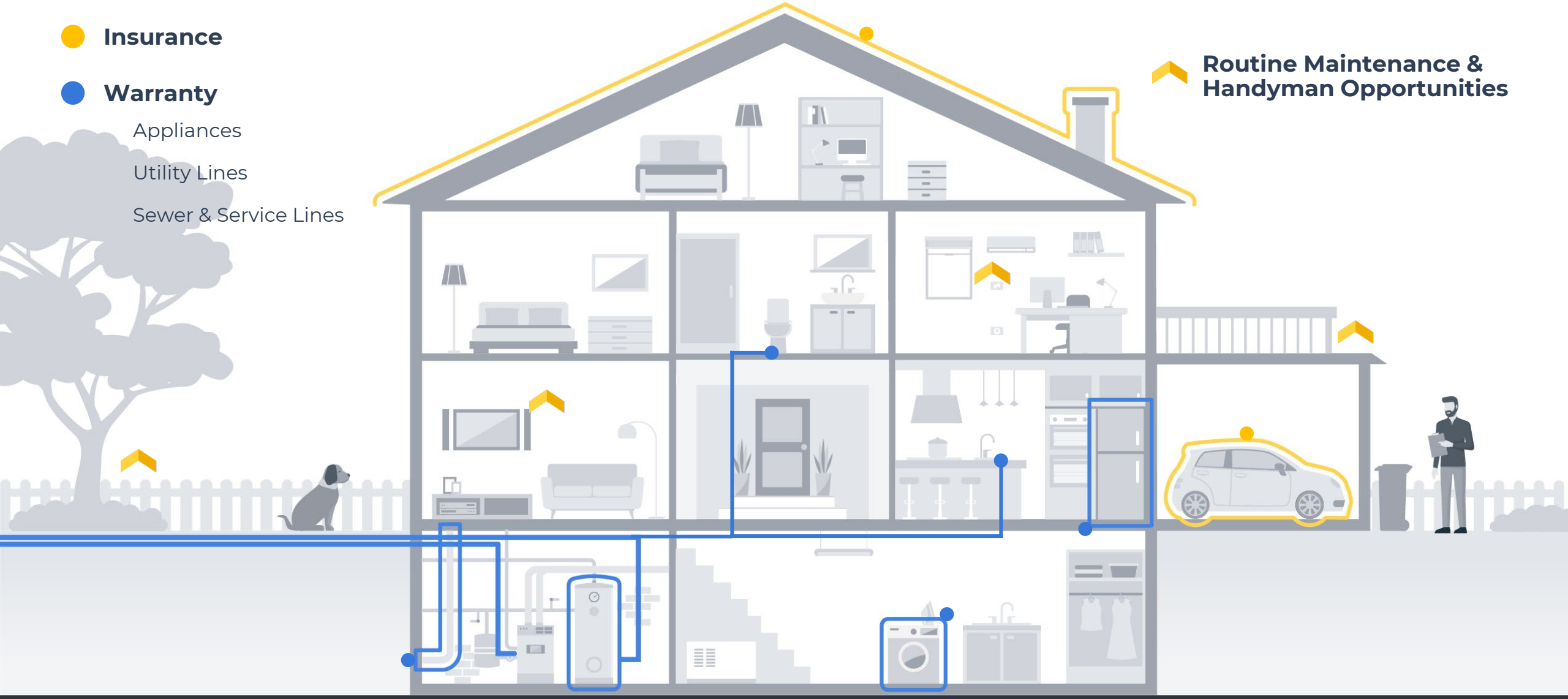
Protecting Homeowners with Insurance & Warranty

- **Insurance**
- **Warranty**
  - Appliances
  - Utility Lines
  - Sewer & Service Lines

Routine Maintenance & Handyman Opportunities



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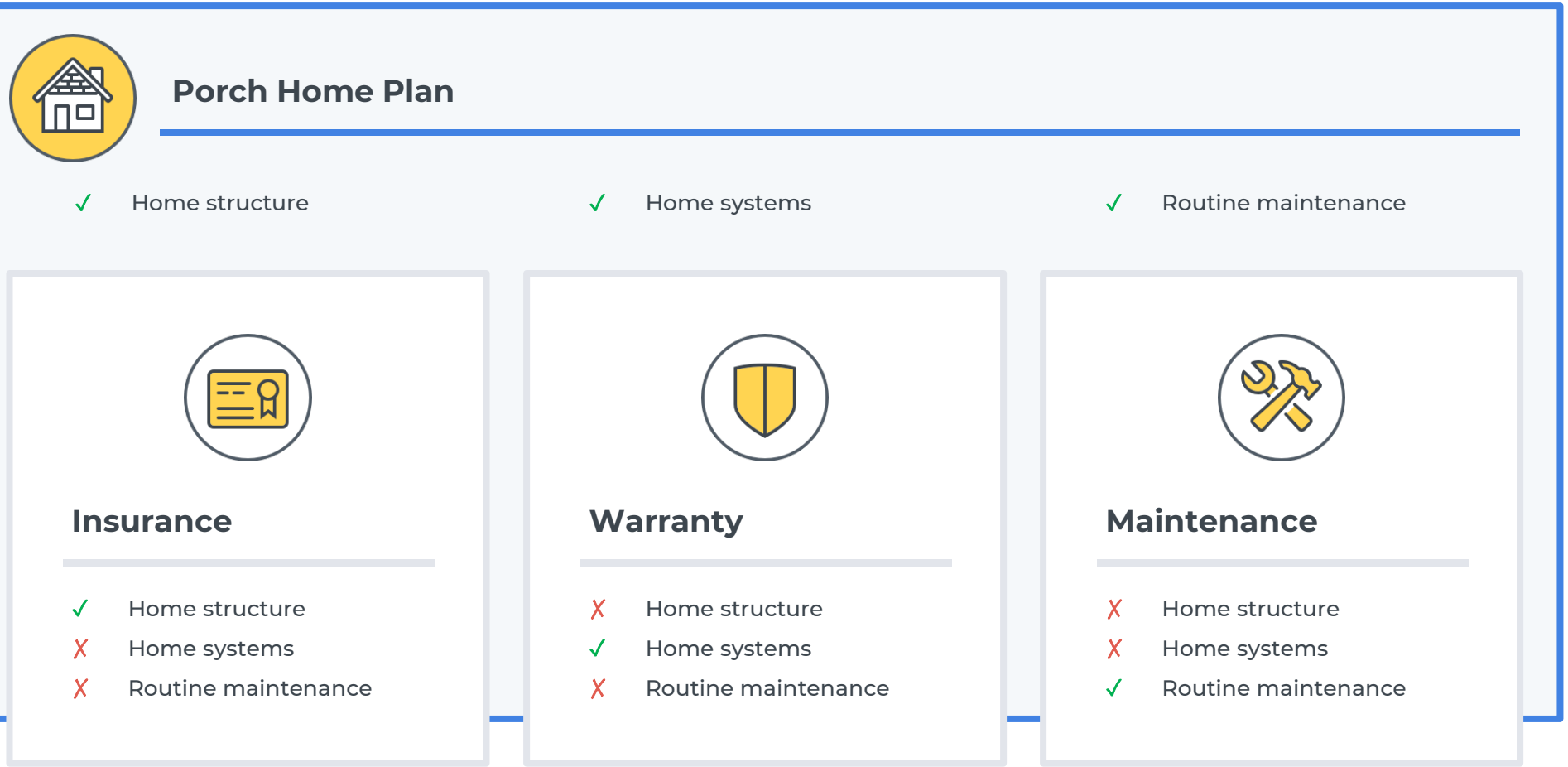
Porch Home Plan: More than just a Warranty

Insurance, Warranty & Routine Maintenance provide homeowners differentiated protection



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Porch Group Provides Access to Differentiated Demand Channels

RESIDENTIAL WARRANTY SERVICES

Porch Proprietary Real Estate & Home Inspection

Offering innovative 90-day warranty, annual and 18-month offerings



HOMEOWNERS OF AMERICA

Elite Insurance Group
A Porch Company

Home Insurance

Emerging opportunity to provide warranty & maintenance services to insurance customers

American Home Protect

Direct to Consumer

Provides home warranty directly to consumers in 48 states

Porch Utilities

Utilities

Utility offerings include Porch Moving Concierge and new Porch Warranties

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Close & Q&A

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Appendix

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Balance Sheet Well Positioned for Growth

Balance Sheet

Cash and Restricted Cash as of September 30, 2022: $276M

- Well positioned to support investments: vertical software systems, insurance, buyback program, & consumer experience

Plus, incremental Short & Long-Term Investments as of September 30, 2022: $62M

Long-Term Debt as of September 30, 2022:

- $425M of convertible notes issued in Sept. 2021 and due Sept. 2026.
- $15M HOA line of credit

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Capital Structure Update

Capital Structure

- **Total common shares issued and outstanding as of September 30, 2022: 100.4M and 1.8M private warrants**

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Porch Group Investment Highlights

1. Vertical software leader to key home service companies with low churn and high NPS
2. Large and ideal consumer audience provided via software companies, with low acquisition costs
3. Unique, substantial, and valuable property data
4. Large insurance operation with CAC, pricing, data, and value prop advantages
5. Proven team with strong track record
6. Massive and expanding addressable TAM
7. Strong financial results with fast revenue growth as well as strong and improving margins
8. Positioned for long-term leadership in the home: SaaS, insurance, warranty, moving, and homeownership

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