Table of Contents

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission File Number: 001-39142

Porch Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**83-2587663**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

411 1st Avenue S., Suite 501, Seattle, WA 98104
(Address of Principal Executive Offices) (Zip Code)

(855) 767-2400
(Registrant's telephone number, including area code)

N/A

(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	Name of Exchange on which registered
Common Stock, par value $0.0001 per share	**PRCH**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒		
Non-accelerated filer	☐	Smaller reporting company	☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock as of May 8, 2023 was 97,816,355.

Table of Contents

		Page
Part I.	**Financial Information**	3
Item 1.	Financial Statements	3
	Unaudited Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022	3
	Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2023 and 2022	4
	Unaudited Condensed Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2023 and 2022	5
	Unaudited Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2023 and 2022	6
	Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022	8
	Notes to Unaudited Condensed Consolidated Financial Statements	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	49
Item 4.	Controls and Procedures	50
Part II.	**Other Information**	52
Item 1.	Legal Proceedings	52
Item 1A.	Risk Factors	52
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	53
Item 3.	Defaults Upon Senior Securities	53
Item 4.	Mine Safety Disclosures	53
Item 5.	Other Information	53
Item 6.	Exhibits	54
Exhibit Index		54
Signatures		57

PART I —FINANCIAL INFORMATION

Item 1. Financial Statements

PORCH GROUP, INC.

Condensed Consolidated Balance Sheets
(all numbers in thousands, except share amounts)

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 179,357	$ 215,060
Accounts receivable, net	23,600	26,438
Short-term investments	34,441	36,523
Reinsurance balance due	292,775	299,060
Prepaid expenses and other current assets	30,834	20,009
Restricted cash	14,796	13,545
Total current assets	575,803	610,635
Property, equipment, and software, net	13,727	12,240
Operating lease right-of-use assets	4,151	4,201
Goodwill	247,118	244,697
Long-term investments	58,678	55,118
Intangible assets, net	101,753	108,255
Long-term insurance commissions receivable	13,140	12,265
Other assets	2,346	1,646
Total assets	$ 1,016,716	$ 1,049,057
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 6,200	$ 6,268
Accrued expenses and other current liabilities	38,856	39,742
Deferred revenue	246,502	270,690
Refundable customer deposits	20,984	20,142
Current debt	10,392	16,455
Losses and loss adjustment expense reserves	115,527	100,632
Other insurance liabilities, current	78,422	61,710
Total current liabilities	516,883	515,639
Long-term debt	425,383	425,310
Operating lease liabilities, non-current	2,585	2,536
Earnout liability, at fair value	44	44
Private warrant liability, at fair value	362	707
Other liabilities (includes $24,198 and $24,546 at fair value, respectively)	26,183	25,468
Total liabilities	971,440	969,704
Commitments and contingencies (Note 12)		
Stockholders' equity		
Common stock, $0.0001 par value:	10	10
Authorized shares – 400,000,000 and 400,000,000, respectively		
Issued and outstanding shares – 97,018,032 and 98,455,838, respectively		
Additional paid-in capital	677,426	670,537
Accumulated other comprehensive loss	(5,296)	(6,171)
Accumulated deficit	(626,864)	(585,023)
Total stockholders' equity	45,276	79,353
Total liabilities and stockholders' equity	$ 1,016,716	$ 1,049,057

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PORCH GROUP, INC.

Condensed Consolidated Statements of Operations
(all numbers in thousands, except share amounts, unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue	$ 87,369	$ 63,567
Operating expenses[(1)]:		
Cost of revenue	51,275	25,216
Selling and marketing	32,585	26,077
Product and technology	13,950	14,231
General and administrative	26,066	26,699
Impairment loss on intangible assets and goodwill	2,021	—
Total operating expenses	125,897	92,223
Operating loss	(38,528)	(28,656)
Other income (expense):		
Interest expense	(2,188)	(2,427)
Change in fair value of earnout liability	—	11,179
Change in fair value of private warrant liability	345	10,189
Investment income and realized gains, net of investment expenses	758	197
Other income, net	762	56
Total other income (expense)	(323)	19,194
Loss before income taxes	(38,851)	(9,462)
Income tax benefit	111	177
Net loss	$ (38,740)	$ (9,285)
Loss per share - basic and diluted (Note 15)	$ (0.41)	$ (0.10)
Shares used in computing basic and diluted loss per share	95,209,819	96,074,527

(1) Amounts include stock-based compensation expense, as follows:

	Three Months Ended March 31,	
	2023	2022
Cost of revenue	$ —	$ —
Selling and marketing	1,045	632
Product and technology	1,449	1,137
General and administrative	4,400	4,085
	$ 6,894	$ 5,854

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PORCH GROUP, INC.

Condensed Consolidated Statements of Comprehensive Loss
(all numbers in thousands, unaudited)

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (38,740)	$ (9,285)
Other comprehensive income (loss):		
Current period change in net unrealized loss, net of tax	875	(2,515)
Comprehensive loss	$ (37,865)	$ (11,800)

PORCH GROUP, INC.

Condensed Consolidated Statements of Stockholders' Equity

(all numbers in thousands, except share amounts, unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2022	**98,206,323**	**$ 10**	**$ 670,537**	**$ (585,023)**	**$ (6,171)**	**$ 79,353**
Net loss	—	—	—	(38,740)	—	(38,740)
Other comprehensive income, net of tax	—	—	—	—	875	875
Stock-based compensation	—	—	6,894	—	—	6,894
Contingent consideration for acquisitions	—	—	—	—	—	—
Vesting of restricted stock awards	295,414	—	—	—	—	—
Exercise of stock options	4,519	—	8	—	—	8
Income tax withholdings	(92,066)	—	(204)	—	—	(204)
Repurchases of common stock	(1,396,158)	—	—	(3,101)	—	(3,101)
Proceeds from sale of common stock	—	—	191	—	—	191
Balances as of March 31, 2023	**97,018,032**	**$ 10**	**$ 677,426**	**$ (626,864)**	**$ (5,296)**	**$ 45,276**

PORCH GROUP, INC.

Condensed Consolidated Statements of Stockholders' Equity - Continued
(all numbers in thousands, except share amounts, unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2021	**97,961,597**	**$ 10**	**$ 641,406**	**$ (424,112)**	**$ (259)**	**$ 217,045**
Net loss	—	—	—	(9,285)	—	(9,285)
Other comprehensive loss, net of tax	—	—	—	—	(2,515)	(2,515)
Stock-based compensation	—	—	5,854	—	—	5,854
Contingent consideration for acquisitions	—	—	530	—	—	530
Vesting of restricted stock awards	245,855	—	—	—	—	—
Exercise of stock options	185,685	—	473	—	—	473
Income tax withholdings	(95,951)	—	(712)	—	—	(712)
Balances as of March 31, 2022	**98,297,186**	**$ 10**	**$ 647,551**	**$ (433,397)**	**$ (2,774)**	**$ 211,390**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PORCH GROUP, INC.

Condensed Consolidated Statements of Cash Flows
(all numbers in thousands, unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (38,740)	$ (9,285)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	6,015	6,483
Amortization of operating lease right-of-use assets	475	582
Impairment loss on intangible assets and goodwill	2,021	—
Loss on sale and impairment of property, equipment, and software	4	70
Gain on remeasurement of private warrant liability	(345)	(10,189)
Loss (gain) on remeasurement of contingent consideration	(154)	3,205
Gain on remeasurement of earnout liability	—	(11,179)
Stock-based compensation	6,894	5,854
Amortization of investment premium/accretion of discount, net	(280)	566
Net realized losses on investments	67	68
Interest expense (non-cash)	1,534	1,046
Other	242	64
Change in operating assets and liabilities, net of acquisitions and divestitures		
Accounts receivable	2,619	1,312
Reinsurance balance due	6,286	(7,920)
Prepaid expenses and other current assets	(10,826)	(6,415)
Accounts payable	(69)	1,051
Accrued expenses and other current liabilities	1,390	(4,033)
Losses and loss adjustment expense reserves	14,895	17,659
Other insurance liabilities, current	16,712	3,025
Deferred revenue	(24,100)	(1,945)
Refundable customer deposits	(4,607)	(2,949)
Long-term insurance commissions receivable	(875)	(1,540)
Operating lease liabilities, non-current	(489)	(235)
Other	(700)	(696)
Net cash used in operating activities	(22,031)	(15,401)
Cash flows from investing activities:		
Purchases of property and equipment	(356)	(1,167)
Capitalized internal use software development costs	(2,427)	(1,574)
Purchases of short-term and long-term investments	(5,410)	(8,835)
Maturities, sales of short-term and long-term investments	5,020	8,449
Acquisitions, net of cash acquired	(1,974)	(4,950)
Net cash used in investing activities	(5,147)	(8,077)
Cash flows from financing activities:		
Proceeds from advance funding	313	5,143
Repayments of advance funding	(1,281)	(3,033)
Repayments of principal and related fees	(499)	(150)
Proceeds from exercises of stock options	8	473
Income tax withholdings paid upon vesting of restricted stock units	(204)	(712)
Payments of acquisition-related contingent consideration	(194)	—
Repurchase of stock	(5,608)	—
Proceeds from sale of common stock	191	—
Net cash provided by financing activities	(7,274)	1,721
Net change in cash, cash equivalents, and restricted cash	$ (34,452)	$ (21,757)
Cash, cash equivalents, and restricted cash, beginning of period	$ 228,605	$ 324,792
Cash, cash equivalents, and restricted cash end of period	$ 194,153	$ 303,035

PORCH GROUP, INC.

Condensed Consolidated Statements of Cash Flows - Continued
(all numbers in thousands, unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Supplemental disclosures		
Cash paid for interest	$ 1,796	$ 1,587
Income tax refunds received	$ 2,380	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Porch Group, Inc. ("Porch Group," "Porch" or the "Company") is a vertical software platform for the home, providing software and services to approximately 30,600 companies and small businesses. Porch is a values-driven company whose mission is to simplify the home with insurance at the center. The Company's Insurance segment, with approximately 376,000 insurance and warranty policies in force, operates both as an insurance carrier underwriting home insurance policies, and as an agent selling home and auto insurance for over 20 major and regional insurance companies. The Insurance Segment also includes Porch's warranty service offerings, and includes a captive reinsurance provider. The Vertical Software segment provides software and services to home services companies, such as home inspectors, mortgage companies and loan officers, title companies, moving companies, real estate agencies, utility companies, and individuals.

Unaudited Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements include the accounts of Porch Group, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, these unaudited condensed consolidated financial statements and notes should be read in conjunction with the Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 16, 2023. The information as of December 31, 2022, included in the unaudited condensed consolidated balance sheets was derived from the Company's audited consolidated financial statements.

The unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q (this "Quarterly Report") were prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (all of which are of a normal recurring nature) considered necessary to present fairly the Company's financial position, results of operations, comprehensive loss, stockholders' equity, and cash flows for the periods and dates presented. The results of operations for the three months ended March 31, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023, or any other interim period or future year.

Comprehensive Loss

Comprehensive loss consists of adjustments related to unrealized gains and losses on available-for-sale securities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported and disclosed in the unaudited condensed consolidated financial statements and accompanying notes. On an ongoing basis, these estimates, which include, but are not limited to, impairment losses on intangible assets and goodwill, estimated variable consideration for services performed, estimated lifetime value of insurance agency commission revenue, current estimate for credit losses, depreciable lives for property and equipment, the valuation of and useful lives for acquired intangible assets, the valuation allowance on deferred tax assets, assumptions used in stock-based compensation expense, unpaid losses for insurance claims and loss adjustment expenses, contingent consideration, earnout liabilities and private warrant liabilities, are evaluated by management. Actual results could differ materially from those estimates, judgments, and assumptions.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

Concentrations

Financial instruments which potentially subject the Company to credit risk consist principally of cash, money market accounts on deposit with financial institutions, money market funds, certificates of deposit and fixed-maturity securities, as well as receivable balances in the course of collection.

The Company's insurance carrier subsidiary has exposure and remains liable in the event of insolvency of its reinsurers. Management and its reinsurance intermediary regularly assess the credit quality and ratings of its reinsurer counterparties. One reinsurer represented more than 10% of the Company's insurance subsidiary's total reinsurance balance due as of March 31, 2023.

Substantially all of the Company's insurance-related revenues in the Insurance segment are derived from customers in Texas (which represent approximately 60% of such revenues in the three months ended March 31, 2023), South Carolina, North Carolina, Georgia, Virginia and Arizona, which could be adversely affected by economic conditions, an increase in competition, or environmental impacts and changes.

No individual customer represented more than 10% of the Company's total revenue for the three months ended March 31, 2023, or 2022. As of March 31, 2023, and December 31, 2022, no individual customer accounted for 10% or more of the Company's total accounts receivable.

As of March 31, 2023, the Company held approximately $136.1 million of cash with three U.S. commercial banks.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company maintains cash balances that may exceed the insured limits by the Federal Deposit Insurance Corporation.

Restricted cash equivalents as of March 31, 2023 includes $5.2 million held by the Company's captive reinsurance company as collateral for the benefit of Homeowners of America ("HOA"), $1.3 million held in certificates of deposits and money market mutual funds pledged to the Department of Insurance in certain states as a condition of its Certificate of Authority for the purpose of meeting obligations to policyholders and creditors, $6.0 million in funds held for the payment of possible warranty claims as required under regulatory guidelines in seventeen states, and $2.4 million related to acquisition indemnifications. Restricted cash equivalents as of December 31, 2022, includes $5.1 million held by the Company's captive reinsurance company as collateral for the benefit of HOA, $1.0 million held in money market mutual funds pledged to the Department of Insurance in certain states as a condition of its Certificate of Authority for the purpose of meeting obligations to policyholders and creditors, $5.0 million in funds held for the payment of possible warranty claims as required under regulatory guidelines in nineteen states, and $2.4 million related to acquisition indemnifications.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

The reconciliation of cash and cash equivalents to amounts presented in the unaudited condensed consolidated statements of cash flows are as follows:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 179,357	$ 215,060
Restricted cash and restricted cash equivalents - current	14,796	13,545
Cash, cash equivalents and restricted cash	$ 194,153	$ 228,605

Accounts Receivable and Long-term Insurance Commissions Receivable

Accounts receivable consist principally of amounts due from enterprise customers and other corporate partnerships, and individual policyholders. The Company estimates allowances for uncollectible receivables based on the creditworthiness of its customers, historical trend analysis and macro-economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate of allowance for doubtful accounts. The allowance for uncollectible receivables at March 31, 2023, and December 31, 2022, was $0.6 million and $0.5 million, respectively.

Long-term insurance commissions receivable balance consists of the estimated commissions from policy renewals expected to be collected. The Company records the amount of renewal insurance commissions expected to be collected in the next twelve months as current accounts receivable.

Goodwill

The Company tests goodwill for impairment for each reporting unit on an annual basis, or more frequently when events or changes in circumstances indicate the fair value of a reporting unit is below its carrying value. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company would not need to perform a quantitative impairment test. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, the Company performs a quantitative assessment. If a quantitative goodwill impairment assessment is performed, the Company utilizes a combination of market and income valuation approaches. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that fair value of the reporting unit is less than its carrying value. The Company has selected October 1 as the date to perform its annual impairment test.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions to evaluate the impact of operating and macroeconomic changes on each reporting unit. The fair value of each reporting unit was estimated using a combination of income and market valuation approaches using publicly traded company multiples in similar businesses. Such fair value measurements are based predominately on Level 3 inputs. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internally developed forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. The weighted average cost of capital used in our most recent impairment test was risk-adjusted to reflect the specific risk profile of the reporting units and ranged from 14% to 20%.

During the first quarter of 2023, management identified various qualitative factors that collectively, indicated that the Company had triggering events, including a sustained decrease in stock price, increased costs due to inflationary pressures, and a deterioration of the macroeconomic environment in the housing and real estate and insurance industries. The Company performed a valuation of both the Vertical Software and Insurance reporting units using a combination of market and income approaches based on peer performance and discounted cash flow or dividend discount model methodologies. The results of the quantitative impairment assessment indicated that the estimated fair values of the

reporting units exceeded their carrying values. As such, the Company determined that the goodwill allocated to its reporting units was not impaired as of March 31, 2023.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including property, equipment, software and amortizing intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Events that trigger a test for recoverability include a significant decrease in the market price for a long-lived asset, significant negative industry or economic trends, an accumulation of costs significantly in excess of the amount originally expected for the acquisition, a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or a sustained decrease in share price. When a triggering event occurs, a test for recoverability is performed, comparing projected undiscounted future cash flows to the carrying value of the asset group. If the test for recoverability identifies a possible impairment, the asset group's fair value is measured relying primarily on an income approach. An impairment charge is recognized for the amount by which the carrying value of the asset group exceeds its estimated fair value. Management identifies the asset group which includes the potentially impaired long-lived asset, at the lowest level at which there are separate, identifiable cash flows.

During the first quarter of 2023, management identified various qualitative factors that collectively indicated that the Company had trigger events including a sustained decrease in stock price, increased costs due to inflationary pressures, and a deterioration of the macroeconomic environment in the housing and real estate industry. The Company used an income approach to determine that the estimated fair value of a certain asset group was less than its carrying value, which resulted in impairment charges of $2.0 million, primarily related to acquired technology, trademarks and tradenames, and customer relationships for certain businesses within its Vertical Software segment. Impairment charges are included in impairment loss on intangible assets and goodwill in the consolidated statements of operations.

We estimate the fair value of an asset group using the income approach. Such fair value measurements are based predominately on Level 3 inputs. Inherent in our development of cash flow projections are assumptions and estimates derived from a review of our operating results, business plan forecasts, expected growth rates, and cost of capital, similar to those a market participant would use to assess fair value. We also make certain assumptions about future economic conditions and other data. Many of these factors used in assessing fair value are outside the control of management and these assumptions and estimates may change in future periods.

Deferred Policy Acquisition Costs

The Company capitalizes deferred policy acquisitions costs ("DAC") which consist primarily of commissions, premium taxes and policy underwriting and production expenses that are directly related to the successful acquisition by the Company's insurance subsidiary of new or renewal insurance contracts. DAC are amortized on a straight-line basis over the terms of the policies to which they relate, which is generally one year. DAC is also reduced by ceding commissions paid by reinsurance companies which represent recoveries of acquisition costs. DAC is periodically reviewed for recoverability and adjusted if necessary. Future investment income is considered in determining the recoverability of DAC. As of March 31, 2023, and December 31, 2022, DAC of $17.7 million and $8.7 million is included in prepaid expenses and other current assets. Amortized deferred acquisition costs included in sales and marketing expense, amounted to $9.3 million and $3.0 million, for the three months ended March 31, 2023 and 2022, respectively.

Fair Value of Financial Instruments

Fair value principles require disclosures regarding the manner in which fair value is determined for assets and liabilities and establishes a three-tiered fair value hierarchy into which these assets and liabilities must be grouped, based upon significant levels of inputs as follows:

Level 1 Observable inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date;

Level 2 Observable inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This may include active markets for similar assets and liabilities, quoted prices in markets that are not highly active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3 Unobservable inputs that are arrived at by means other than current observable market activity.

The level of the least observable significant input used in assessing the fair value determines the placement of the entire fair value measurement in the hierarchy. Management's assessment of the significance of a particular input to the fair value measurement requires the use of judgment specific to the asset or liability.

Other Insurance Liabilities, Current

The following table details the components of other insurance liabilities, current on the unaudited condensed consolidated balance sheets:

	As of March 31, 2023	As of December 31, 2022
Ceded reinsurance premiums payable	$ 39,162	$ 29,204
Commissions payable, reinsurers and agents	20,703	21,045
Advance premiums	15,537	8,668
Funds held under reinsurance treaty	1,875	1,851
General and accrued expenses payable	1,145	942
Other insurance liabilities, current	$ 78,422	$ 61,710

Income Taxes

Provisions for income taxes for the three months ended March 31, 2023, and 2022 were a $0.1 million benefit and a $0.2 million benefit, respectively, and the effective tax rates for these periods were 0.3% benefit and 1.9% benefit, respectively. The difference between the Company's effective tax rates for the 2023 and 2022 periods and the U.S. statutory rate of 21% was primarily due to a full valuation allowance related to the Company's net deferred tax assets.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

2. Revenue

Disaggregation of Revenue

Total revenues consisted of the following:

	Three Months Ended March 31,	
	2023	2022
Vertical Software segment		
Software and service subscriptions	$ 16,809	$ 17,681
Move-related transactions	7,769	12,193
Post-move transactions	4,049	4,530
Total Vertical Software segment revenue	28,627	34,404
Insurance segment		
Insurance and warranty premiums, commissions and policy fees	58,742	29,163
Total Insurance segment revenue	58,742	29,163
Total revenue[(1)]	$ 87,369	$ 63,567

[(1)] Revenue recognized during the three months ended March 31, 2023 and 2022, includes revenue of $51.0 million and $20.8 million, respectively, which is accounted for separately from the revenue from contracts with customers.

Disclosures Related to Contracts with Customers

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to contracts with customers. Liabilities are recorded for amounts that are collected in advance of the satisfaction of performance obligations. To the extent a contract exists, as defined by ASC 606, these liabilities are classified as deferred revenue. To the extent that a contract does not exist, as defined by ASC 606, these liabilities are classified as refundable customer deposits. Refundable customer deposits related to contracts with customers were not material at March 31, 2023 and December 31, 2022.

Contract Assets - Insurance Commissions Receivable

A summary of the activity impacting the contract assets during the three months ended March 31, 2023, is presented below:

	Contract Assets
Balance at December 31, 2022	$ 15,521
Estimated lifetime value of commissions on insurance policies sold by carriers	2,018
Cash receipts	(1,062)
Balance at March 31, 2023	$ 16,477

As of March 31, 2023, $3.3 million of contract assets are expected to be collected within the next 12 months and therefore are included in current accounts receivable on the unaudited condensed consolidated balance sheets. The remaining $13.1 million of contract assets are expected to be collected in the following periods and are included in long-term insurance commissions receivable on the unaudited condensed consolidated balance sheets.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

Deferred Revenue

A summary of the activity impacting deferred revenue balances during the three months ended March 31, 2023, is presented below:

	Vertical Software Deferred Revenue
Balance at December 31, 2022	$ 3,874
Revenue recognized	(4,237)
Additional amounts deferred	4,693
Balance at March 31, 2023	$ 4,330

Deferred revenue on our unaudited condensed consolidated balance sheet as of March 31, 2023 and December 31, 2022, include $242.2 million and $266.8 million, respectively, of deferred revenue related to our Insurance segment.

Remaining Performance Obligations

The amount of the transaction price allocated to performance obligations to be satisfied at a later date, which is not recorded in the unaudited condensed consolidated balance sheets, is immaterial as of March 31, 2023, and December 31, 2022.

The Company has applied the practical expedients provided for in the accounting standards, and does not present revenue related to unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue at the amount which it has the right to invoice for services performed. Additionally, the Company excludes amounts related to performance obligations that are billed and recognized as they are delivered.

Warranty Revenue and Related Balance Sheet Disclosures

Payments received in advance of warranty services provided are included in refundable customer deposits or deferred revenue based upon the cancellation and refund provisions within the respective agreement. At March 31, 2023, we had $20.8 million, $3.8 million and $2.5 million of refundable customer deposits, deferred revenue and non-current deferred revenue, respectively. At December 31, 2022, we had $20.0 million, $4.4 million and $1.9 million of refundable customer deposits, deferred revenue and non-current deferred revenue, respectively.

For the three months ended March 31, 2023 and 2022, we incurred $1.2 million and $0.3 million, respectively, in expenses related to warranty claims.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

3. Investments

The following table provides the Company's investment income, and realized gains and losses on investments during the periods presented:

	Three Months Ended March 31,	
	2023	2022
Investment income, net of investment expenses	$ 825	$ 265
Realized gains on investments	4	2
Realized losses on investments	(71)	(70)
Investment income and realized gains (losses), net of investment expenses	$ 758	$ 197

The following table provides the amortized cost, fair value and unrealized gains and (losses) of the Company's investment securities:

	As of March 31, 2023			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
U.S. Treasuries	$ 34,637	$ 12	$ (226)	$ 34,423
Obligations of states, municipalities and political subdivisions	11,304	13	(1,054)	10,263
Corporate bonds	34,549	96	(2,610)	32,035
Residential and commercial mortgage-backed securities	11,527	11	(1,162)	10,376
Other loan-backed and structured securities	6,398	14	(390)	6,022
Total investment securities	$ 98,415	$ 146	$ (5,442)	$ 93,119

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued

(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

	As of December 31, 2022			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
U.S. Treasuries	$ 35,637	$ 5	$ (320)	$ 35,322
Obligations of states, municipalities and political subdivisions	11,549	2	(1,326)	10,225
Corporate bonds	31,032	32	(2,837)	28,227
Residential and commercial mortgage-backed securities	12,790	11	(1,268)	11,533
Other loan-backed and structured securities	6,804	6	(476)	6,334
Total investment securities	$ 97,812	$ 56	$ (6,227)	$ 91,641

The amortized cost and fair value of securities at March 31, 2023, by contractual maturity, are shown in the following table. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	As of March 31, 2023	
Remaining Time to Maturity	Amortized Cost	Fair Value
Due in one year or less	$ 33,719	$ 33,640
Due after one year through five years	18,734	17,303
Due after five years through ten years	21,836	20,099
Due after ten years	6,201	5,679
Residential and commercial mortgage-backed securities	11,527	10,376
Other loan-backed and structured securities	6,398	6,022
Total	$ 98,415	$ 93,119

Other-than-temporary Impairment

The Company regularly reviews its individual investment securities for other-than-temporary impairment. The Company considers various factors in determining whether each individual security is other-than-temporarily impaired, including:

- the financial condition and near-term prospects of the issuer, including any specific events that may affect its operations or earnings;
- the extent to which the market value of the security has been below its cost or amortized cost;
- general market conditions and industry or sector-specific factors;
- nonpayment by the issuer of its contractually obligated interest and principal payments; and
- the Company’s intent and ability to hold the investment for a period of time sufficient to allow for the recovery of costs.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

Securities with gross unrealized loss position, aggregated by investment category and length of time the individual securities have been in a continuous loss position, are as follows:

	Less Than Twelve Months		Twelve Months or Greater		Total	
At March 31, 2023	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value
U.S. Treasuries	$ (66)	$ 16,320	$ (160)	$ 2,251	$ (226)	$ 18,571
Obligations of states, municipalities and political subdivisions	(48)	1,936	(1,006)	7,852	(1,054)	9,788
Corporate bonds	(617)	12,375	(1,993)	15,615	(2,610)	27,990
Residential and commercial mortgage-backed securities	(260)	3,190	(902)	7,149	(1,162)	10,339
Other loan-backed and structured securities	(149)	1,712	(241)	3,696	(390)	5,408
Total securities	$ (1,140)	$ 35,533	$ (4,302)	$ 36,563	$ (5,442)	$ 72,096

	Less Than Twelve Months		Twelve Months or Greater		Total	
At December 31, 2022	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value
U.S. Treasuries	$ (127)	$ 10,748	$ (193)	$ 9,824	$ (320)	$ 20,572
Obligations of states, municipalities and political subdivisions	(929)	6,258	(397)	3,504	(1,326)	9,762
Corporate bonds	(1,623)	16,531	(1,214)	10,328	(2,837)	26,859
Residential and commercial mortgage-backed securities	(687)	6,565	(581)	4,952	(1,268)	11,517
Other loan-backed and structured securities	(359)	4,633	(117)	1,094	(476)	5,727
Total securities	$ (3,725)	$ 44,735	$ (2,502)	$ 29,702	$ (6,227)	$ 74,437

At March 31, 2023, and December 31, 2022, there were 452 and 483 securities, respectively, in an unrealized loss position. Of these securities, 363 had been in an unrealized loss position for 12 months or longer as of March 31, 2023.

The Company believes there were no fundamental issues such as credit losses or other factors with respect to any of its available-for-sale securities. The unrealized losses on investments in fixed-maturity securities were caused primarily by interest rate changes. It is expected that the securities would not be settled at a price less than par value of the investments. Because the declines in fair value are attributable to changes in interest rates or market conditions and not credit quality, and because the Company has the ability and intent to hold its available-for-sale investments until a market price recovery or maturity, the Company does not consider any of its investments to be other-than-temporarily impaired at March 31, 2023.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

4. Fair Value

The following table details the fair value measurements of assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value Measurement as of March 31, 2023			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Money market mutual funds	$ 33,443	$ —	$ —	$ 33,443
Debt securities:				
U.S. Treasuries	34,423	—	—	34,423
Obligations of states and municipalities	—	10,263	—	10,263
Corporate bonds	—	32,035	—	32,035
Residential and commercial mortgage-backed securities	—	10,376	—	10,376
Other loan-backed and structured securities	—	6,022	—	6,022
	$ 67,866	$ 58,696	$ —	$ 126,562
Liabilities				
Contingent consideration - business combinations	$ —	$ —	$ 24,198	$ 24,198
Contingent consideration - earnout	—	—	44	44
Private warrant liability	—	—	362	362
	$ —	$ —	$ 24,604	$ 24,604

	Fair Value Measurement as of December 31, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Money market mutual funds	$ 6,619	$ —	$ —	$ 6,619
Debt securities:				
U.S. Treasuries	35,322	—	—	35,322
Obligations of states and municipalities	—	10,225	—	10,225
Corporate bonds	—	28,227	—	28,227
Residential and commercial mortgage-backed securities	—	11,533	—	11,533
Other loan-backed and structured securities	—	6,334	—	6,334
	$ 41,941	$ 56,319	$ —	$ 98,260
Liabilities				
Contingent consideration - business combinations	$ —	$ —	$ 24,546	$ 24,546
Contingent consideration - earnout	—	—	44	44
Private warrant liability	—	—	707	707
	$ —	$ —	$ 25,297	$ 25,297

Financial Assets

Money market mutual funds are valued at the closing price reported by the fund sponsor from an actively traded exchange. As the funds are generally maintained at a net asset value which does not fluctuate, cost approximates fair value. These are included as a Level 1 measurement in the table above. The fair values for available-for-sale fixed-maturity securities are based upon prices provided by an independent pricing service. The Company has reviewed these prices for reasonableness and has not adjusted any prices received from the independent provider. Level 2 securities represent assets whose fair value is determined using observable market information such as previous day trade prices,

quotes from less active markets or quoted prices of securities with similar characteristics. There were no transfers between Level 1 and Level 2.

Contingent Consideration – Business Combinations

The Company estimated the fair value of the business combination contingent consideration triggered by stock price milestones, related to the Floify acquisition in October 2021, using the Monte Carlo simulation method. The fair value is based on the simulated stock price of the Company over the maturity date of the contingent consideration. As of March 31, 2023, the key inputs used to determine the fair value of $15.1 million included the stock price of $1.43, strike price of $36.00, discount rate of 14.4% and volatility of 100%. As of December 31, 2022, the key inputs used in the determination of the fair value of $15.5 million included the stock price of $1.88, strike price of $36.00, discount rate of 10.3% and volatility of 95%.

The Company estimated the fair value of the business combination contingent consideration based on specific metrics related to the acquisition of Residential Warranty Services ("RWS") in April 2022, using the discounted cash flow method. The fair value is based on a percentage of revenue over the maturity date of the contingent consideration. As of March 31, 2023, the key inputs used to determine the fair value of $9.0 million were management's cash flow estimates and the discount rate of 16%. As of December 31, 2022, the key inputs used to determine the fair value of $9.0 million were management's cash flow estimates and the discount rate of 17%.

Contingent Consideration - Earnout

The Company estimated the fair value of the earnout contingent consideration using the Monte Carlo simulation method. The fair value of $0.1 million is based on the simulated price of the Company over the maturity date of the contingent consideration and increased by certain employee forfeitures. As of March 31, 2023, the key inputs used to determine the fair value included exercise price of $22.00, volatility of 100%, forfeiture rate of 15% and stock price of $1.43. As of December 31, 2022, the key inputs used in the determination of the fair value included exercise price of $22.00, volatility of 100%, forfeiture rate of 15% and stock price of $1.88.

Private Warrants

The Company estimated the fair value of the private warrants using the Black-Scholes-Merton option pricing model. As of March 31, 2023, the key inputs used to determine the fair value included exercise price of $11.50, expected volatility of 90%, remaining contractual term of 2.73 years, and stock price of $1.43. As of December 31, 2022, the key inputs used to determine the fair value included exercise price of $11.50, expected volatility of 90%, remaining contractual term of 2.98 years, and stock price of $1.88.

Level 3 Rollforward

Fair value measurements categorized within Level 3 are sensitive to changes in the assumptions or methodology used to determine fair value, and such changes could result in a significant increase or decrease in the fair value.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

The changes for Level 3 items measured at fair value on a recurring basis using significant unobservable inputs are as follows:

	Contingent Consideration - Earnout	Contingent Consideration - Business Combinations	Private Warrant Liability
Fair value as of December 31, 2022	$ 44	$ 24,546	$ 707
Additions	—	—	—
Settlements	—	(194)	—
Change in fair value, loss (gain) included in net loss[(1)]	—	(154)	(345)
Fair value as of March 31, 2023	$ 44	$ 24,198	$ 362

	Contingent Consideration - Earnout	Contingent Consideration - Business Combinations	Private Warrant Liability
Fair value as of December 31, 2021	$ 13,866	$ 9,617	$ 15,193
Additions	—	—	—
Settlements	—	—	—
Change in fair value, loss (gain) included in net loss[(1)]	(11,179)	3,205	(10,189)
Fair value as of March 31, 2022	$ 2,687	$ 12,822	$ 5,004

(1) Changes in fair value of contingent consideration related to business combinations are included in general and administrative expenses in the unaudited condensed consolidated statements of operations. Changes in fair value of the earnout contingent consideration and private warrant liability are disclosed separately in the unaudited condensed consolidated statements of operations.

Fair Value Disclosure

As of March 31, 2023, and December 31, 2022, the fair value of the convertible senior notes is $234.0 million and $238.6 million, respectively. The decrease of $4.6 million is primarily due to the decline in the stock price at March 31, 2023, as compared to December 31, 2022. The fair value of the line of credit, advance funding arrangement and other notes approximates the unpaid principal balance. All debt, other than the 2026 Notes which is Level 2, is considered a Level 3 measurement. See Note 7.

5. Property, Equipment, and Software

Property, equipment, and software net, consists of the following:

	March 31, 2023	December 31, 2022
Software and computer equipment	$ 8,680	$ 8,326
Furniture, office equipment, and other	2,115	2,118
Internally developed software	19,400	17,128
Leasehold improvements	1,178	1,178
	31,373	28,750
Less: Accumulated depreciation and amortization	(17,646)	(16,510)
Property, equipment, and software, net	$ 13,727	$ 12,240

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

Depreciation and amortization expense related to property, equipment, and software was $1.2 million and $1.0 million for the three months ended March 31, 2023 and 2022, respectively.

6. Intangible Assets and Goodwill

Intangible Assets

Intangible assets are stated at cost or acquisition-date fair value less accumulated amortization and impairment, and consist of the following, as of March 31, 2023:

	Weighted Average Useful Life (in years)	Intangible Assets, gross	Accumulated Amortization And Impairment	Intangible Assets, Net
Customer relationships	9.0	$ 69,505	$ (17,164)	$ 52,341
Acquired technology	5.0	36,041	(17,486)	18,555
Trademarks and tradenames	10.0	23,443	(5,038)	18,405
Non-compete agreements	3.0	616	(419)	197
Value of business acquired	1.0	400	(400)	—
Renewal rights	6.0	9,734	(2,439)	7,295
Insurance licenses	Indefinite	4,960	—	4,960
Total intangible assets		$ 144,699	$ (42,946)	$ 101,753

Intangible assets consist of the following as of December 31, 2022:

	Weighted Average Useful Life (in years)	Intangible Assets, gross	Accumulated Amortization	Intangible Assets, Net
Customer relationships	9.0	$ 69,730	$ (15,079)	$ 54,651
Acquired technology	5.0	37,932	(16,468)	21,464
Trademarks and tradenames	10.0	25,071	(5,724)	19,347
Non-compete agreements	3.0	619	(407)	212
Value of business acquired	1.0	400	(400)	—
Renewal rights	6.0	9,734	(2,113)	7,621
Insurance licenses	Indefinite	4,960	—	4,960
Total intangible assets		$ 148,446	$ (40,191)	$ 108,255

The aggregate amortization expense related to intangibles was $4.9 million and $5.5 million for the three months ended March 31, 2023 and 2022, respectively.

During the first quarter of 2023, the Company recorded impairment charges of $2.0 million, primarily related to acquired technology, trademarks and tradenames, and customer relationships for an asset group within its Vertical Software segment. Impairment charges are included in impairment loss on intangible assets and goodwill in the consolidated statements of operations and comprehensive loss.

Goodwill

The following tables summarize the changes in the carrying amount of goodwill for the three months ended March 31, 2023:

	Goodwill
Balance as of December 31, 2022	$ 244,697
Acquisitions	2,421
Balance as of March 31, 2023	$ 247,118

7. Debt

At March 31, 2023, debt comprised of the following:

	Principal	Unaccreted Discount	Debt Issuance Costs	Carrying Value
Convertible senior notes, due 2026	$ 425,000	$ —	$ (7,947)	$ 417,053
Advance funding arrangement	9,255	(408)	—	8,847
Term loan facility, due 2029	9,651	—	—	9,651
Other notes	300	(76)	—	224
	$ 444,206	$ (484)	$ (7,947)	$ 435,775

Convertible Senior Notes

Interest expense recognized related to the 0.75% Convertible Senior Notes due 2026 (the "2026 Notes") was approximately $1.4 million for each of the three months ended March 31, 2023 and 2022, and comprised of contractual interest expense and amortization of debt issuance costs.

In April 2023, the Company issued $333 million aggregate principal amount of 6.75% Senior Secured Convertible Notes due in 2028 (the "2028 Notes") in a private placement transaction. Porch used a portion of the net proceeds from the 2028 Notes offering to repurchase $200 million of the 2026 Notes and to fund the repayment of $9.7 million outstanding under HOA's term loan facility, in each case plus accrued and unpaid interest thereon and related fees and expenses. See Note 16 for additional information.

Advance Funding Arrangement

For certain home warranty contracts, the Company participates in a financing arrangement with third-party financers that provide the Company with contract premium upfront, less a financing fee. Third-party financers collect installment payments from the warranty contract customer which satisfy the Company's repayment obligation over a portion of the contract term. We remain obligated to repay the third-party financer if a customer cancels its warranty contract prior to full repayment of the advance funding amount received by the Company. As part of the arrangement, the Company pays financing fees, which are collected by the third-party financers upfront, and are initially recognized as a debt discount. Financing fees are amortized as interest expense under the effective interest method. The implied interest rate varies per contract and is generally approximately 14% of total funding received. Interest expense recognized related to advance funding arrangement was $0.5 million and $1.0 million for the three months ended March 31, 2023 and 2022, respectively.

Term Loan Facility

As of March 31, 2023, the Company has borrowed $9.7 million on the HOA term loan facility. In April 2023, the term loan facility was repaid in full by using a portion of the 2028 Notes offering proceeds. See Note 16 for additional information.

8. Equity and Warrants

Common Shares Outstanding and Common Stock Equivalents

The following table summarizes the Company's fully diluted capital structure:

	March 31, 2023
Issued and outstanding common shares	94,968,032
Earnout shares	2,050,000
Total common shares issued and outstanding	97,018,032
Common shares reserved for future issuance:	
Private warrants	1,795,700
Stock options (Note 9)	3,735,134
Restricted and performance stock units and awards (Note 9)	6,216,509
2020 Equity Plan pool reserved for future issuance (Note 9)	11,325,306
Convertible senior notes, due 2026[(1)]	16,998,130
Contingently issuable shares in connection with acquisitions[(2)]	13,957,569
Total shares of common stock outstanding and reserved for future issuance	151,046,380

(1) In connection with the September 16, 2021 issuance of the 2026 Notes, the Company used a portion of the proceeds to pay for the capped call transactions, which are expected to generally reduce the potential dilution to the Company's common stock. The capped call transactions impact the number of shares that may be issued by effectively increasing the conversion price for the Company from $25 per share to approximately $37.74 per share, which would result in 11,261,261 potentially dilutive shares instead of the shares reported in this table.

(2) In connection with the acquisitions of Floify and HOA, the Company provided an obligation to issue certain amount of common stock to the extent specified market conditions are met in the future. Contingently issuable shares are calculated in accordance with the purchase agreement, assuming they would be issuable if the end of the reporting periods were the end of the contingency period.

The table above excludes common stock contingently issuable in connection with prior acquisitions. Such common stock is issuable to the extent specified operational milestones are achieved, or market conditions are met in the future.

Repurchases of Common Shares

In October 2022, the Company's board of directors approved a share repurchase program authorizing management to repurchase up to $15 million in the Company's common stock and/or convertible notes. Repurchases under this program may be made from time to time on the open market between November 10, 2022 and June 30, 2023, at prevailing market prices, in privately negotiated transactions, in block trades, and/or through other permissible means.

During the first quarter of 2023, the Company repurchased and canceled 1,396,158 shares with the total cost of $3.1 million (including commissions). The cost paid to repurchase shares in excess of the par value is charged to accumulated deficit in the unaudited condensed consolidated balance sheet as of March 31, 2023.

The Company's repurchase of $200 million of the 2026 Notes as described in Note 7 was done under separate authorization and not part of $15 million share repurchase program.

Warrants

There was no activity related to public and private warrants during the three months ended March 31, 2023.

	Number of Warrants	Number of Common Shares Issued
Balances as of December 31, 2022	1,795,700	11,521,412
Exercised	—	—
Canceled	—	—
Balances as of March 31, 2023	1,795,700	11,521,412

9. Stock-Based Compensation

Under the Company's 2020 Stock Incentive Plan, which replaced the Company's 2012 Equity Incentive Plan in December 2020, the employees, directors and consultants of the Company are eligible for grants of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards ("RSA"), restricted stock units ("RSU"), performance awards ("PRSU"), and other stock awards, collectively referred to as "Awards".

Stock-based compensation expense for the three months ended March 31, 2023 and 2022 is $6.9 and $5.9 million, respectively.

Detail related to stock option, RSU and PRSU activity for the three months ended March 31, 2023, is as follows:

	Number of Options	Number of Restricted Stock Units	Number of Performance Restricted Stock Awards
Balances as of December 31, 2022	3,862,918	5,309,241	920,924
Granted	—	123,292	301,598
Vested	—	(295,414)	—
Exercised	(4,519)	—	—
Forfeited, canceled or expired	(123,265)	(143,132)	—
Balances as of March 31, 2023	3,735,134	4,993,987	1,222,522

10. Reinsurance

2023 Program:

The Company's third-party quota share reinsurance program is split into three separate placements to maximize coverage and cost efficiency. The 2023 Coastal Program covers the Company's business in certain Texas coastal regions and the Houston metropolitan area and is placed at 42.05% of subject property and casualty losses ("P&C losses"), as well as all business in South Carolina which is placed at 7.3% of P&C losses. The 2023 Core Program, which covers the portion of the Company's business not in the Coastal Program, is placed at 49.5% of P&C losses of the Company's remaining business in Texas and 48.0% of P&C losses of the Company's business in other states. In addition, the Combined Program covers all the Company's business and is placed at 5% of P&C losses. All programs are effective for

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

the period January 1, 2023 through December 31, 2023 or March 31, 2024, and are subject to certain limits and exclusions, which vary by participating reinsurer.

Property catastrophe excess of loss treaties which were in effect through March 31, 2023, developed over five layers and limited the Company's net retention to $4 million per occurrence and provided coverage up to a net loss of $440 million. The Company also places reinstatement premium protection to cover any reinstatement premiums due on the first three layers.

The effects of reinsurance on premiums written and earned for the three months ended March 31, 2023, and 2022 were as follows:

	Three Months Ended March 31,			
	2023		2022	
	Written	Earned	Written	Earned
Direct premiums	$ 96,873	$ 114,824	$ 87,123	$ 84,318
Ceded premiums	2,266	(74,674)	(60,636)	(71,727)
Net premiums	$ 99,139	$ 40,150	$ 26,487	$ 12,591

The Company's 2023 third-party quota share program was placed at a reduced ceding percentage as compared to the 2022 program, which resulted in a portfolio transfer and less ceded written premiums in the three months ended March 31, 2023.

The effects of reinsurance on incurred losses and loss adjustment expense ("LAE") for the three months ended March 31, 2023, and 2022 were as follows:

	Three Months Ended March 31,	
	2023	2022
Direct losses and LAE	$ 90,015	$ 68,221
Ceded losses and LAE	(47,156)	(54,946)
Net losses and LAE	$ 42,859	$ 13,275

The detail of reinsurance balances due is as follows:

	March 31, 2023	December 31, 2022
Ceded unearned premium	$ 169,360	$ 203,157
Losses and LAE reserve	74,043	76,999
Reinsurance recoverable	49,281	18,765
Other	91	139
Reinsurance balance due	$ 292,775	$ 299,060

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

11. Unpaid Losses and Loss Adjustment Reserve

The following table provides the roll forward of the beginning and ending reserve balances for unpaid losses and LAE, gross of reinsurance for the three months ended March 31, 2023:

	2023
Reserve for unpaid losses and LAE, at December 31, 2022	$ 100,632
Reinsurance recoverables on losses and LAE	(76,999)
Reserve for unpaid losses and LAE reserve, net of reinsurance recoverables at December 31, 2022	23,633
Add provisions (reductions) for losses and LAE occurring in:	
Current year	43,464
Prior years	(605)
Net incurred losses and LAE during the current year	42,859
Deduct payments for losses and LAE occurring in:	
Current year	(14,015)
Prior years	(10,993)
Net claim and LAE payments during the current year	(25,008)
Reserve for losses and LAE, net of reinsurance recoverables, at end of period	41,484
Reinsurance recoverables on losses and LAE	74,043
Reserve for unpaid losses and LAE at March 31, 2023	115,527

As a result of additional information on claims occurring in prior years becoming available to management, changes in estimates of provisions of losses and loss adjustment expenses were made resulting in a decrease of $0.6 million for the three months ended March 31, 2023.

12. Commitments and Contingencies

Litigation

From time to time the Company is or may become subject to various legal proceedings arising in the ordinary course of business, including proceedings initiated by users, other entities, or regulatory bodies. Estimated liabilities are recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In many instances, the Company is unable to determine whether a loss is probable or to reasonably estimate the amount of such a loss and, therefore, the potential future losses arising from a matter may differ from the amount of estimated liabilities the Company has recorded in the financial statements covering these matters. The Company reviews its estimates periodically and makes adjustments to reflect negotiations, estimated settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular matter.

Cases under Telephone Consumer Protection Act

Porch and/or an acquired entity, GoSmith.com, are party to twelve legal proceedings alleging violations of the automated calling and/or Do Not Call restrictions of the Telephone Consumer Protection Act of 1991. Some of these actions allege related state law claims. The proceedings were commenced as mass tort actions by a single plaintiffs' law firm in December 2019 and April/May 2020 in federal district courts throughout the United States. One of the actions was dismissed with prejudice and was appealed to the Ninth Circuit Court of Appeals. On October 12, 2022, in a split decision, the Ninth Circuit Court of Appeals reversed. The remaining cases were consolidated in the United States District Court for the Western District of Washington, where Porch resides. Plaintiffs filed a motion for leave to file a second amended complaint, which is currently pending. Once this motion is resolved, the court is expected to set a brief schedule on Defendants' forthcoming motion to dismiss. The case is otherwise stayed pending resolution of Defendants'

motion. Plaintiffs seek actual, statutory, and/or treble damages, injunctive relief, and reasonable attorneys' fees and costs.

These actions are at an early stage in the litigation process. It is not possible to determine the likelihood of an unfavorable outcome of these disputes, although it is reasonably possible that the outcome of these actions may be unfavorable. Further, it is not possible to estimate the range or amount of potential loss (if the outcome should be unfavorable). Porch intends to contest these cases vigorously.

Kandela, LLC v Porch.com, Inc.

In May 2020, the former owners of Kandela, LLC filed complaints against Porch in the Superior Court of the State of California, alleging a breach of contract related to the terms and achievement of an earnout agreement related to the acquisition of the Kandela business and related fraudulent inducement claims. Claimants sought to recover compensatory damages based on an asset purchase agreement entered into with Porch and related employment agreements. Claimants also sought punitive damages, attorney's fees and costs. Certain claimants settled their claims, and this settlement is within the range of the estimated accrual. Arbitration of the remaining claims occurred in March 2022. In July 2022, the Arbitrator issued his Final Award finding no merit to any of the claims asserted by claimant Kandela, LLC and determined Porch to be the prevailing party on all counts. The Arbitrator also awarded Porch and its insurers legal fees and costs in the amount of $1.4 million as the prevailing party and, if recovered in full, a significant portion of which would be expected to be allocable to its corporate insurance providers. On October 12, 2022, the Los Angeles Superior Court confirmed the Arbitration Award and entered Judgment in Porch's favor. Kandela has failed to pay the judgment in Porch's favor. Kandela filed a Notice of Appeal as to the Judgment on December 9, 2022. On January 18, 2023, Porch filed a Fraudulent Conveyance Action against Kandela and its members for wrongfully distributing assets that could have satisfied the judgement. On March 1, 2023, Kandela filed for protection under Chapter 7 of the Bankruptcy Code. As a result, Kandela's appellate action was automatically stayed. At this time, Porch's Fraudulent Conveyance Action has also been stayed as to all defendants. Porch intends to take all necessary steps so that the Fraudulent Conveyance Action can proceed against the Kandela members who Porch believes received the fraudulently transferred assets that could be used to satisfy the Judgment.

Putative Wage and Hours Class Action Proceeding

A former employee of HireAHelper™ filed a complaint in San Diego County Superior Court in November 2020, asserting putative class action claims for failure to pay overtime, failure to pay compensation at the time of separation and unfair business practices in violation of California law. HireAHelper™ was served with the complaint in December 2020 and on January 28, 2021, defendants removed the case to the United States District Court for the Southern District of California. The plaintiff seeks to represent all current and former non-exempt employees of HireAHelper™ and Porch (prior to the December 23, 2020 merger) and Porch's other affiliated companies in the State of California during the relevant time period. Plaintiffs sought damages for unpaid wages, liquidated damages, penalties, attorneys' fees and costs. The parties recently attended mediation, which was successful, and a deal was reached. The parties have executed the long form settlement agreement and obtained final approval of the settlement from the court on August 11, 2022. Porch paid the individual settlement in September 2022, and Plaintiff's individual claims were dismissed and released. Porch also funded the class action settlement in September 2022 and the settlement payments to the class were distributed in October 2022. The settlement is final, and the settlement checks expired in March 2023. The final step in the process will be distribution of the funds from the uncashed settlement checks and Court approval of same.

Other

In addition, in the ordinary course of business, Porch Group and its subsidiaries are (or may become) parties to litigation involving property, personal injury, contract, intellectual property and other claims, as well as stockholder derivative actions, class action lawsuits and other matters. The amounts that may be recovered in such matters may be subject to insurance coverage. Although the results of legal proceedings and claims cannot be predicted with certainty,

neither Porch Group nor any of its subsidiaries is currently a party to any legal proceedings the outcome of which, the Company believes, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on the business, financial condition or results of operations.

13. Business Combinations

March 17, 2023 Acquisitions of the Florida and California Operations of Residential Warranty Services ("RWS")

On April 1, 2022, the Company entered into a stock and membership interest purchase agreement with Residential Warranty Services ("RWS") to acquire its home warranty and inspection software and services businesses. On that date, the Company completed the acquisition of substantially all of RWS' operations except for those in Florida and California, which were subject to certain regulatory and other approvals.

The acquisitions of the Florida and California operations were closed on March 17, 2023. The Company paid approximately $2.1 million in cash to acquire $0.2 million of cash and current assets, and $0.2 million of customer relationships with an estimated useful life of 3 years. The estimated value of the customer relationships intangible asset was calculated using the income approach.

The aggregate transaction costs of $0.1 million primarily comprised of legal and due diligence fees, and are included in general and administrative expenses on the condensed consolidated statements of operations. The results of operations for each acquisition are included in the Company's consolidated financial statements from the date of acquisition onwards.

14. Segment Information

The Company has two reportable segments that are also our operating segments: Vertical Software and Insurance. Our reportable segments have been identified based on how our chief operating decision-maker ("CODM") manages our business, makes operating decisions and evaluates operating and financial performance. The chief executive officer acts as the CODM and reviews financial and operational information for our two reportable segments. Operating segments are components of an enterprise for which separate discrete financial information is available and operational results are regularly evaluated by the CODM for the purposes of making decisions regarding resource allocation and assessing performance.

Our Vertical Software segment primarily consists of a vertical software platform for the home, providing software and services to home services companies, such as home inspectors, moving companies, utility companies, title companies and others, and includes software subscription and service fees from companies, and non-insurance revenue.

Our Insurance segment offers various forms of homeowner insurance policies through its own insurance carrier and certain homeowner and auto insurance policies through its licensed insurance agency. The Insurance segment also includes home warranty service revenue.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

The following table provides the Company's revenue by segment:

	Three Months Ended March 31,	
	2023	2022
Segment revenues:		
Vertical Software	$ 28,627	$ 34,404
Insurance	58,742	29,163
Total segment revenue	$ 87,369	$ 63,567

The Company's segment operating and financial performance measure is segment Adjusted EBITDA (loss). Segment Adjusted EBITDA (loss) is defined as revenue less the following expenses associated with these segments: cost of revenue, sales and marketing, product and technology, and general and administrative expenses. Segment Adjusted EBITDA (loss) also excludes non-cash items or items that management does not consider are reflective of ongoing core operations.

Currently, the Company does not allocate any shared expenses to the reportable segments. These expenses are included in Corporate and Other. Corporate and Other includes shared expenses such as sales and marketing, certain product and technology, accounting, human resources, legal and general and administrative, and other income, expenses, gains and losses that are not allocated in assessing segment performance due to their function. Such transactions are excluded from the reportable segments results but included in reported consolidated results.

The reconciliation of segment Adjusted EBITDA (loss) to consolidated loss from operations below includes the effects of corporate and other items that the CODM does not consider in assessing segment performance.

The following tables provide financial information for the two reportable segments and reconciliations to consolidated financial information for the periods presented:

	Three Months Ended March 31,	
	2023	2022
Segment adjusted EBITDA (loss):		
Vertical Software	$ (396)	$ 2,884
Insurance	(7,185)	216
Corporate and Other	(14,301)	(13,527)
Total segment adjusted EBITDA (loss)	(21,882)	(10,427)
Reconciling items:		
Depreciation and amortization	(6,015)	(6,483)
Non-cash stock-based compensation expense	(6,894)	(5,854)
Acquisition and other transaction costs	(1,112)	(895)
Impairment loss on intangible assets and goodwill	(2,021)	—
Non-cash losses and impairment of property, equipment and software	—	(69)
Revaluation of contingent consideration	154	(3,205)
Investment income and realized gains	(758)	(197)
Non-cash bonus expense	—	(1,526)
Operating loss	$ (38,528)	$ (28,656)

The CODM does not review assets on a segment basis.

PORCH GROUP, INC.

Notes to Condensed Consolidated Statements - Continued
(all numbers in thousands, except share amounts and unless otherwise stated, unaudited)

All of the Company's revenue is generated in the United States, except for an immaterial amount. As of March 31, 2023, and December 31, 2022, the Company did not have material assets located outside of the United States.

15. Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities.

Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of stock options, RSUs, PRSUs, RSAs, convertible notes, earnout shares and warrants. As the Company has reported losses for all periods presented, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

The following table sets forth the computation of the Company's basic and diluted net loss attributable per share to common stockholders for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Numerator:		
Net loss used to compute net loss per share - basic and diluted:	$ (38,740)	$ (9,285)
Denominator:		
Weighted average shares outstanding used to compute loss per share - basic and diluted:	95,209,819	96,074,527
Loss per share - basic and diluted	$ (0.41)	$ (0.10)

The following table discloses securities that could potentially dilute basic net loss per share in the future that were not included in the computation of diluted net loss per share because to do so would have been antidilutive for all periods presented:

	Three Months Ended March 31,	
	2023	2022
Stock options	3,735,134	4,569,743
Restricted stock units and awards	4,993,987	4,188,802
Performance restricted stock units	1,222,522	37,184
Public and private warrants	1,795,700	1,795,700
Earnout shares	2,050,000	2,050,000
Convertible debt[1]	16,998,130	16,998,130
Contingently issuable shares in connection with acquisitions[2]	13,957,569	2,792,457

[1] In connection with the September 16, 2021 issuance of the 2026 Notes, the Company used a portion of the proceeds to pay for the capped call transactions, which are expected to generally reduce the potential dilution to the Company's common stock. The capped call transactions impact the number of shares that may be issued by effectively increasing the conversion price for the Company from $25 per share to approximately $37.74 per share, which would result in 11,261,261 potentially dilutive shares instead of the shares reported in this table as of March 31, 2023.

(2) In connection with the acquisitions of Floify and HOA, the Company provided an obligation to issue a certain amount of common stock to the extent specified market conditions are met in the future. Contingently issuable shares are calculated in accordance with the purchase agreement, assuming they would be issuable if the end of the reporting periods were the end of the contingency period.

16. Subsequent Events

On April 20, 2023, the Company issued $333 million aggregate principal amount of 6.75% Senior Secured Convertible Notes due 2028 (the "2028 Notes") in a private placement transaction. Porch used a portion of the net proceeds from the 2028 Notes offering to repurchase $200 million of its 2026 Notes and to fund the repayment of $9.7 million outstanding under HOA's term loan facility, in each case plus accrued and unpaid interest thereon and related fees and expenses.

The 2028 Notes are convertible into cash, shares of common stock of the Company, or a combination of cash and shares of common stock at Porch's election at an initial conversion rate of 39.9956 shares of common stock per $1,000 principal amount of the 2028 Notes, which is equivalent to an initial conversion price of approximately $25.00 per share.

The 2028 Notes are senior secured obligations of the Company, accrue interest at a rate of 6.75%, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2023, and were initially issued at 95% of par value. The 2028 Notes will mature on October 1, 2028, unless earlier repurchased, redeemed or converted. Prior to the close of business on the business day immediately preceding July 1, 2028, the 2028 Notes will be convertible at the option of the holders only upon the satisfaction of certain conditions and during certain periods. Thereafter, until the close of business on the second scheduled trading day immediately preceding the maturity date, the 2028 Notes will be convertible at the option of the holders at any time regardless of these conditions.

Currently, an estimate of the impact of this transaction on the consolidated balance sheets and statements of operations cannot be made.

PART II —OTHER INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report and the documents incorporated herein by reference contain forward- looking statements as defined by the Private Securities Litigation Reform Act of 1995. Although the Company believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning the Company's possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or similar expressions.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management at the time they are made, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: (1) our expansion plans and opportunities, and managing our growth, to build a consumer brand; (2) the incidence, frequency and severity of weather events, extensive wildfires, and other catastrophe; (3) economic conditions, especially those affecting the housing and financial markets; (4) our expectations regarding our revenue, cost of revenue, operating expenses, and our ability to achieve and maintain future profitability; (5) existing and developing federal and state laws and regulations, including with respect to insurance, warranty, privacy, information security, data protection and taxation, and our interpretation of and compliance with such laws and regulations; (6) our reinsurance program, which includes the use of a captive reinsurer, the success of which is dependent on a number of factors outside our control, along with our reliance on reinsurance to protect us against loss; (7) uncertainties related to regulatory approval of insurance rates, policy forms, insurance products, license applications, acquisitions of businesses or strategic initiatives, including the reciprocal restructuring, and other matters within the purview of insurance regulators; (8) our reliance on strategic, proprietary relationships to provide us with access to personal data and product information, and our ability to use such data and information to increase our transaction volume and attract and retain customers; (9) our ability to develop new, or enhance existing, products, services, and features and bring them to market in a timely manner; (10) changes in capital requirements, and our ability to access capital when needed to provide statutory surplus; (11) the increased costs and initiatives required to address new legal and regulatory requirements arising from developments related to cybersecurity, privacy and data governance and the increased costs and initiatives to protect against data breaches, cyber-attacks, virus or malware attacks, or other infiltrations or incidents affecting system integrity, availability and performance; (12) retaining and attracting skilled and experienced employees; (13) costs related to being a public company; and (14) other risks and uncertainties discussed in our Annual Report on Form 10-K ("Annual Report") for the year ended December 31, 2022, Part I, Item 1A, "Risk Factors," as well as those discussed elsewhere in this report.

The information included in this management's discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes included in this Quarterly Report, and the audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report for the year ended December 31, 2022.

Additionally, the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 have been revised to correct prior period errors as discussed in Note 20 "Quarterly Financial Data (Unaudited) Restatement of Previously Issued Financial Statements" to the consolidated financial statements included in Part II, Item 8 of Annual Report for the year ended December 31, 2022. Accordingly, this Management's Discussion and Analysis of Financial Condition and Results of Operations reflects the effects of the revisions.

Business Overview

Porch Group, Inc. ("Porch Group", "Porch" or the "Company"), the vertical software platform, is a values-driven company whose mission is to simplify the home with insurance at the center. Porch Group provides software and

services to approximately 30,600 home service providers including home inspectors, mortgage brokers, title companies and moving companies. Porch Group simplifies the home closing process and the move, by providing high-value services including homeowners insurance and warranty, and ongoing support with our app which saves consumers time and helps them make better decisions. To achieve this, Porch Group hires and retains great people, invests in the right opportunities, and leverages our unique capabilities such as early and privileged access to homebuyers and deep insight into properties.

Porch Group makes the moving process easier for homebuyers by helping them save time and make better decisions about critical services, including insurance, warranty, moving, security, TV/Internet, home repair and improvement. The Company provides home and personal property insurance policies through its own underwriting operations in 22 states and across the U.S. with its wholly-owned insurance agency.

Our multi-faceted value proposition resonates with a broad customer demographic, regardless of home price, income level, geographic location or age. We acquire our customers through a variety of channels, including at the time of a real estate transaction through third parties, direct-to-consumer ("DTC"), and leads from other Porch Group businesses.

Porch Group has two reportable segments: the Vertical Software segment and the Insurance segment.

Porch Group's Vertical Software segment provides software and services to home services companies. Through these relationships, Porch earns fees, and gains a competitive advantage through unique and early access to homebuyers and homeowners. This early access allows Porch to assist homebuyers and homeowners with critical moving services. In turn, Porch's platform drives demand for other services. The Vertical Software segment has three types of customers: (1) home services companies, such as home inspectors, mortgage companies and loan officers, and title companies, for whom Porch provides software and services to help them make their businesses run more efficiently and grow; (2) consumers, such as homebuyers and homeowners, whom Porch assists with the comparison and provision of various home services, such as moving, security, TV/Internet, and home repair and improvement; and (3) service providers, such as moving companies, security companies, title companies, mortgage companies and TV/Internet providers, who pay Porch for new customer sign-ups.

Porch Group's Insurance segment offers various property-related insurance policies through our risk-bearing carrier, independent agency, and risk-bearing home warranty companies. We earn insurance policy premiums collected from insured homeowners for our insurance products, policy fees when policies are sold and renewed, and commissions when we cede premiums to reinsurance companies. Additionally, when we sell a homeowner an insurance policy through a carrier other than our own, these third-party insurance companies pay new business and renewal commissions to Porch's insurance agency. The Insurance segment also includes home warranty, from which Porch receives premiums paid by homeowners for Porch's home warranty products.

Key Performance Measures and Operating Metrics

In the management of these businesses, the Company identifies, measures and evaluates various operating metrics. The key performance measures and operating metrics used in managing the businesses are set forth below. These key performance measures and operating metrics are not prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), and may not be comparable to or calculated in the same way as other similarly titled measures and metrics used by other companies.

- **Average Companies in Quarter** — Porch provides software and services to home services companies and, through these relationships, gains unique and early access to homebuyers and homeowners, assists homebuyers and homeowners with critical services such as insurance, warranty and moving. The Company's customers include home services companies, for whom the Company provides software and services and who provide introductions to homebuyers and homeowners and tracks the average number of home services companies from which it generates revenue each quarter in order to measure the ability to attract, retain and grow relationships with home services companies. Porch management defines the average number of companies in a quarter as the straight-line average of the number of companies as of the end of period compared with the beginning of period across all of the Company's home services verticals that (i) generate recurring revenue and (ii) generated

revenue in the quarter. For new acquisitions, the number of companies is determined in the initial quarter based on the percentage of the quarter the acquired business is a part of the Company.

- **Average Revenue per Account per Month in Quarter —** Management views the Company's ability to increase revenue generated from existing customers as a key component of Porch's growth strategy. Average Revenue per Account per Month in Quarter is defined as the average revenue per month generated across all home services company customer accounts in a quarterly period. Average Revenue per Account per Month in Quarter is derived from all customers and total revenue.

The following table summarizes Average Companies in Quarter and Average Revenue per Account per Month in Quarter for each of the quarterly periods indicated:

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Average Companies in Quarter	25,545	28,773	30,951	30,860	30,618
Average Revenue per Account per Month in Quarter	$ 829	$ 822	$ 833	$ 693	$ 951

- **Monetized Services in Quarter** — Porch connects consumers with home services companies nationwide and offers a full range of products and services where homeowners can, among other things: (1) compare and buy home insurance policies (along with auto, flood and umbrella policies) and warranties with competitive rates and coverage; (2) arrange for a variety of services in connection with their move, from labor to load or unload a truck to full-service, long-distance moving services; (3) discover and install home automation and security systems; (4) compare internet and television options for their new home; (5) book small handyman jobs at fixed, upfront prices with guaranteed quality; and (6) compare bids from home improvement professionals who can complete bigger jobs. The Company tracks the number of monetized services performed through its platform each quarter and the revenue generated per service performed in order to measure market penetration with homebuyers and homeowners and the Company's ability to deliver high-revenue services within those groups. Monetized Services in Quarter is defined as the total number of unique services from which the Company generated revenue, including, but not limited to, new and renewing insurance and warranty customers, completed moving jobs, security installations, TV/Internet installations or other home projects, measured over a quarterly period.

- **Average Revenue per Monetized Service in Quarter —** Management believes that shifting the mix of services delivered to homebuyers and homeowners toward higher revenue services is an important component of Porch's growth strategy. Average Revenue per Monetized Services in Quarter is the average 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 service transaction revenues generated from monetized services.

The following table summarizes our monetized services and average revenue per monetized service for each of the quarterly periods indicated:

	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Monetized Services in Quarter	263,183	333,596	318,452	212,992	214,097
Average Revenue per Monetized Service in Quarter	$ 175	$ 158	$ 185	$ 219	$ 328

In the second quarter of 2022, the Company completed the acquisition of RWS.

Recent Developments

Share Repurchases

In October 2022, the Company's Board of Directors approved a share repurchase program authorizing management to repurchase up to $15 million in the Company's common stock and/or convertible notes. Repurchases under this program may be made from time to time on the open market between November 10, 2022 and June 30, 2023, at prevailing market prices. During the first quarter of 2023, the Company repurchased 1,396,158 shares with the total cost of $3.1 million (including commissions).

Reciprocal Exchange

On March 20, 2023, Homeowners of America filed an application to form and license a Texas reciprocal exchange (the "Reciprocal") with the Texas Department of Insurance ("TDI"). If approved by the TDI, the insurance underwriting business of Porch will be conducted through the Reciprocal. A Porch subsidiary would serve as the operator (or "attorney-in-fact") for the Reciprocal. In that role it would perform underwriting, claims and management services for the Reciprocal and receive a management fee calculated as a percentage of its premiums. EIG and HOA's managing general agent would act as general agents for the Reciprocal and HOAIC and receive fees and commissions. There can be no assurance that the Reciprocal will receive regulatory approval, and if obtained, that the approval would be based on terms as proposed or subject to additional requirements that may not be acceptable to the Company.

Key Factors Affecting Operating Results

The Company has been implementing its strategy as a vertical software platform for the home, by providing software and services to approximately 30,600 pre-and-post move home service providers including inspectors, real estate, title and mortgage companies. The Company's Insurance segment continues to grow in scale, through both policy count, and geographic expansion. The following are key factors affecting the Company's operating results in the three months ended March 31, 2023:

- The U.S. housing market continues to see impacts from higher interest rates, existing home inventory tightening, and affordability challenges, impacting the Vertical Software segment. For the quarter ended March 31, 2023, existing home sales have declined over 26% year over year.

- In March 2023, the Company completed the acquisitions of the Florida and California operations of Residential Warranty Services ("RWS").

- In March 2023, Porch filed an application for a Reciprocal Exchange with the Texas Department of Insurance.

- The Company continued its insurance strategic initiatives by moving to 50% reinsurance ceding and not renewing certain higher risk policies.

- In February 2023, the Company successfully launched Porch Warranty offering, with 80% of our new home warranty contracts now written under our own brand.

- The Company continues to develop its software for customers including, the expansion of its suite of solutions for customers and partners at Floify, rolled out a new module version within Rynoh, and launched a new version of report writer for inspectors as part of our home inspection solution.

- Our moving business launched a 'Fixed Price' product which makes the moving journey simpler for moving companies and consumers.

- The Company has rolled out its app to all eligible ISN companies, with the recall check monitoring being popular with consumers.

Basis of Presentation

The unaudited condensed consolidated financial statements and accompanying notes of the Company include the accounts of the Company and its consolidated subsidiaries and were prepared in accordance with GAAP. All significant intercompany accounts and transactions are eliminated in consolidation.

The Company operates in two operating segments: Vertical Software and Insurance. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company has determined that its Chief Executive Officer is the CODM.

Components of Results of Operations

Total Revenue

The Company generates revenue in the following ways:

- Insurance revenue in the form of insurance and warranty premiums, policy fees, commissions from reinsurers and other insurance-related fees generated through its owned insurance carrier, as well as commissions from third-party insurance carriers where Porch acts as an independent agent;
- Software and service subscription revenue generated from fees paid by companies for access to Porch's software and provision of services;
- Move and post-moved related transaction revenue – Move-related revenue through fees received for connecting homeowners to service providers during time of a move including movers, TV/Internet, warranty, and security monitoring providers; and post-move related revenue in the form of fees earned from introducing homeowners to home service professionals including handymen, plumbers, electricians, roofers, etc.

The Insurance segment includes revenue generated from various property-related insurance policies through its own risk-bearing carrier and independent agency as well as risk-bearing home warranty companies. We collect policy fees from policyholders of our own underwritten homeowners insurance products, reinsurers pay the Company ceding commissions when premiums are ceded from owned insurance products, revenues are earned in the form of policy premiums collected from insureds from owned insurance products, and third-party insurance companies pay our agency upfront and renewal commissions for selling their policies. The Insurance segment also includes home warranty revenue which mainly consists of premiums paid by warranty customers for the Company's home warranty products.

The Vertical Software segment includes revenue from software and services subscription revenue, move-related transactions revenue and post-move-related transaction revenue. Software and service subscription revenue primarily relates to subscriptions to the Company's software offerings across a number of verticals. The Company's subscription arrangements for this revenue stream do not provide the customer with the right to take possession of the software supporting the cloud-based application services. The Company's standard subscription contracts are monthly contracts in which pricing is based on a price per user or seat, or a specified price per inspection completed through the software. The Company also sells marketing software and services to companies who want to advertise to movers. Marketing software and service fees are primarily contractual monthly recurring billings. Fees earned for providing access to the subscription software are non-refundable and there is no right of return. Revenue is recognized based on the amount which the Company is entitled to for providing access to the subscription software during the monthly contract term.

Move-related transactions revenue is generated when the Company connects consumers with service providers including movers, TV/Internet, and security monitoring companies. The Company earns revenue when consumers purchase services from these third-party providers. For select moving jobs, the Company will select the mover, set the price, and manage the job end-to-end; here, the Company generates revenue based on the full job value.

Post-move-related transaction revenue includes monthly fees paid by home service contractors as well as fees earned from introducing consumers to home service providers, either on a per lead, per appointment, or per job basis.

Revenue generated from service providers is recognized at a point in time upon the connection of a homeowner to the service provider.

Total Costs and Expenses

Operating expenses

Operating expenses are categorized into five categories:

- Cost of revenue;
- Selling and marketing;
- Product and technology;
- General and administrative; and
- Impairment loss on intangible assets and goodwill.

The categories of operating expenses except impairment loss on intangible assets and goodwill, include both cash expenses and non-cash charges, such as stock-based compensation, depreciation and amortization. Depreciation and amortization are recorded in all operating expense categories, and consist of depreciation from property, equipment and software and intangible assets.

Cost of revenue primarily consists of insurance losses and loss adjustment expenses, claims personnel costs, warranty claims, third-party providers for executing moving labor and handyman services when the Company is managing the job, data costs related to marketing campaigns, certain call center costs, credit card processing and merchant fees.

Selling and marketing expenses primarily consist of payroll, employee benefits and stock-based compensation expense, and other headcount related costs associated with sales efforts directed toward companies and consumers, and amortization of deferred policy acquisition costs ("DAC") of new and renewal insurance contracts. Also included are any direct costs to acquire customers, such as search engine optimization, marketing costs and affiliate and partner leads.

Selling and marketing costs are classified as either fixed or variable. Fixed selling and marketing costs primarily consist of compensation of sales management, professional fees and software costs that do not vary with sales volumes. Variable selling and marketing costs consist of DAC amortized to expense reduced by ceding commissions paid by reinsurance companies, third-party leads, affiliates and partner leads, paid search engine optimization and marketing, advertising costs and compensation for individuals in certain sales and marketing departments that vary with sales volumes.

Product and technology development costs primarily consist of payroll, employee benefits, stock-based compensation expense, other headcount-related costs associated with product development, net of costs capitalized as internally developed software. Also included are cloud computing, hosting and other technology costs, software subscriptions, professional services and amortization of internally developed software.

General and administrative expenses primarily consist of expenses associated with functional departments for finance, legal, human resources and executive management. The primary categories of expenses include payroll, employee benefits, stock-based compensation expense and other headcount related costs, rent for office space, legal and professional fees, taxes, licenses and regulatory fees, merger and acquisition transaction costs, and other administrative costs.

Impairment loss on intangible assets and goodwill results from circumstances when the fair value of a reporting unit or asset group is less than its carrying amount. Goodwill and indefinite-lived intangible assets are subject to annual impairment assessments. All intangible assets and goodwill are also subject to impairment assessments whenever facts and circumstances indicate that these assets may be impaired. See Impairment of Long-Lived Assets section of Critical Accounting Policies and Estimates for the description of methods used to determine these impairment losses.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported and disclosed in the unaudited condensed consolidated financial statements and accompanying notes. On an ongoing basis these estimates, which include, but are not limited to, impairment losses on intangible assets and goodwill, estimated variable consideration for services performed, estimated lifetime value of the insurance agency commissions, current estimate for credit losses, depreciable lives for property and equipment, the valuation of and useful lives for acquired intangible assets, the valuation allowance on deferred tax assets, assumptions used in stock-based compensation expense, unpaid losses for insurance claims and loss adjustment expenses, contingent consideration, earnout liabilities and private warrant liabilities, all of which are evaluated by management. Actual results could differ materially from those estimates, judgments, and assumptions.

At least quarterly, the Company evaluates estimates and assumptions and makes changes accordingly. For information on the Company's significant accounting policies, see Note 1 (Description of Business and Summary of Significant Accounting Policies) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

During the three months ended March 31, 2023, we identified various qualitative factors with respect to long-lived assets and goodwill in the Company's reporting units that collectively indicated that the Company had triggering events including a sustained decrease in stock price, increased costs due to inflationary pressures, and a deterioration of the macroeconomic environment in the housing and real estate and insurance industries.

Impairment of Long-Lived Assets

During the first quarter of 2023, management identified various qualitative factors that collectively indicated that the Company had trigger events including a sustained decrease in stock price, increased costs due to inflationary pressures, and a deterioration of the macroeconomic environment in the housing and real estate industry. The Company used an income approach to determine that the estimated fair value of a certain asset group was less than its carrying value, which resulted in impairment charges of $2.0 million, primarily related to acquired technology, trademarks and tradenames, and customer relationships for certain businesses within its Vertical Software segment. Impairment charges are included in impairment loss on intangible assets and goodwill in the consolidated statements of operations.

Impairment of Goodwill

During the first quarter of 2023, management identified various qualitative factors that collectively, indicated that the Company had triggering events, including a sustained decrease in stock price, increased costs due to inflationary pressures, and a deterioration of the macroeconomic environment in the housing and real estate and insurance industries. The Company performed a valuation of both the Vertical Software and Insurance reporting units using a combination of market and income approaches based on peer performance and discounted cash flow or dividend discount model methodologies. The results of the quantitative impairment assessment indicated that the estimated fair values of the reporting units exceeded their carrying values. As such, the Company determined that the goodwill allocated to its reporting units was not impaired as of March 31, 2023.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions to evaluate the impact of operating and macroeconomic changes on each reporting unit. The fair value of each reporting unit was estimated using a combination of income and market valuation approaches using publicly traded company multiples in similar businesses. Such fair value measurements are based predominately on Level 3 inputs. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on

internally developed forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. The weighted average cost of capital used in our most recent impairment test was risk-adjusted to reflect the specific risk profile of the reporting units and ranged from 14% to 20%.

As of March 31, 2023, the fair value of our Vertical Software reporting unit exceeded its carrying value by less than 5%, and the fair value of our Insurance reporting unit exceeded its carrying value by less than 10%. As a result, the Company's goodwill balance is at risk of future impairment. The Company monitors its reporting units at risk of impairment for interim impairment indicators, and believes that the estimates and assumptions used in the calculations are reasonable as of March 31, 2023. The Company also reconciles the fair value of its reporting units to the Company's market capitalization. Should the fair value of any of the Company's reporting units fall below its carrying amount because of reduced operating performance, market declines including a deterioration of the macroeconomic environment in the housing and real estate or insurance industries, changes in the discount rate, or other adverse conditions, goodwill impairment charges may be necessary in future periods.

There were no other changes to the critical accounting policies and estimates discussed in the Company's Annual Report on Form 10-K.

Results of Operations

The following table sets forth the Company's historical operating results for the periods indicated:

	Three Months Ended March 31,		$	%
	2023	2022	Change	Change
	(dollar amounts in thousands)			
Revenue	$ 87,369	$ 63,567	$ 23,802	37 %
Operating expenses:				
Cost of revenue	51,275	25,216	26,059	103 %
Selling and marketing	32,585	26,077	6,508	25 %
Product and technology	13,950	14,231	(281)	(2)%
General and administrative	26,066	26,699	(633)	(2)%
Impairment loss on intangible assets and goodwill	2,021	—	2,021	NM
Total operating expenses	125,897	92,223	33,674	37 %
Operating loss	(38,528)	(28,656)	(9,872)	34 %
Other income (expense):				
Interest expense	(2,188)	(2,427)	239	(10)%
Change in fair value of earnout liability	—	11,179	(11,179)	NM
Change in fair value of private warrant liability	345	10,189	(9,844)	NM
Investment income and realized gains, net of investment expenses	758	197	561	285 %
Other income (expense), net	762	56	706	1,261 %
Total other income (expense)	(323)	19,194	(19,517)	NM
Loss before income taxes	(38,851)	(9,462)	(29,389)	311 %
Income tax benefit	111	177	(66)	NM
Net loss	$ (38,740)	$ (9,285)	$ (29,455)	317 %

NM = Not Meaningful

Revenue

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Total revenue increased by $23.8 million, or 37%, from $63.6 million in the three months ended March 31, 2022 to $87.4 million in the same period in 2023. Revenue in the Company's Insurance segment grew by $29.6 million, driven by higher warranty sales and insurance renewals, and increases in per-policy premiums and lower reinsurance ceding.

This was partially offset by lower revenue in our Vertical Software segment due to a 26% reduction in year-over-year industry home sales.

Cost of Revenue

Three months ended March 31, 2023, compared to three months ended March 31, 2022:

Cost of revenue increased by $26.1 million, or 103%, from $25.2 million in the three months ended March 31, 2022 to $51.3 million in the same period in 2023. The increase in the cost of revenue was primarily attributable to increased claims costs due to the strategic reduction in reinsurance ceding and the 2022 acquisition of RWS warranty business, both in the Insurance Segment. As a percentage of revenue, cost of revenue represented 59% of revenue in the three months ended March 31, 2023 compared with 40% in the same period in 2022.

Selling and marketing

Three months ended March 31, 2023, compared to three months ended March 31, 2022:

Selling and marketing expenses increased by $6.5 million, or 25%, from $26.1 million in the three months ended March 31, 2022 to $32.6 million in the same period in 2023. The increase is due to higher costs in the Insurance segment's variable selling and marketing costs, primarily policy acquisition and marketing expenses. As a percentage of revenue, selling and marketing expenses represented 37% of revenue in the three months ended March 31, 2023 compared with 41% in the same period in 2022.

Product and technology

Three months ended March 31, 2023, compared to three months ended March 31, 2022:

Product and technology expenses decreased by $0.3 million, or 2%, from $14.2 million in three months ended March 31, 2022 to $14.0 million in the same period in 2023. The decrease is mainly due to lower depreciation and amortization expense in the three months ended March 31, 2023. As a percentage of revenue, product and technology expenses represented 16% of revenue in the three months ended March 31, 2023 compared with 22% in the same period in 2022.

General and administrative

Three months ended March 31, 2023, compared to three months ended March 31, 2022:

General and administrative expenses decreased by $0.6 million, or 2%, from $26.7 million in three months ended March 31, 2022 to $26.1 million in the same period in 2023, primarily due to a gain on revaluation of contingent consideration during the three months ended March 31, 2023, as opposed to a loss in the same period in 2022, which contributed $3.4 million to the overall decrease. This was partially offset by higher professional fees and additional investment in corporate resources and systems.

As a percentage of revenue, general and administrative expenses represented 30% of revenue in the three months ended March 31, 2023 compared with 42% in the same period in 2022.

Impairment loss on intangible assets and goodwill

Three months ended March 31, 2023, compared to three months ended March 31, 2022:

In the three months ended March 31, 2023, the Company recorded impairment losses on intangible assets related to a $2.0 million intangible asset impairment at its Vertical Software segment. These impairment charges reflect recent continued inflationary pressures and a deterioration of the macroeconomic environment in the housing and real estate industry. There were no impairment losses on intangible assets and goodwill in the same period in 2022.

Interest expense, net

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Interest expense decreased by $0.2 million, or 10%, from $2.4 million in three months ended March 31, 2022 to $2.2 million in the same period in 2023. The decrease is mainly due to lower interest related to advance funding arrangement during the three months ended March 31, 2023.

Change in fair value of earnout liability

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Changes in fair value of earnout liability were less than $0.1 million (gain) and $11.2 million (gain) in the three months ended March 31, 2023 and 2022, respectively. The decrease in fair value was primarily due to the decline in the stock price at March 31, 2023 as compared to March 31, 2022.

Change in fair value of private warrant liability

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Changes in fair value of private warrant liability were $0.3 million (gain) and $10.2 million (gain) in the three months ended March 31, 2023 and 2022, respectively. The decrease in fair value was primarily due to the decline in the stock price at March 31, 2023 as compared to March 31, 2022.

Investment income and realized gains, net of investment expenses

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Investment income and realized gains, net of investment expenses was $0.8 million and $0.2 million in the three months ended March 31, 2023 and 2022, respectively. Total investments balance was $93.1 million at March 31, 2023 and $65.3 million at March 31, 2022 and this higher investment balance was the primary reason for the increased investment income.

Income tax benefit

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Income tax benefit of $0.1 million and $0.2 million was recognized for the three months ended March 31, 2023 and 2022, respectively. The difference between the Company's effective tax rates for the 2022 and 2023 periods and the U.S. statutory rate of 21% was primarily due to a full valuation allowance related to the Company's net deferred tax assets.

Segment Results of Operations

The Company operates the business as two reportable segments that are also operating segments: Vertical Software and Insurance. For additional information about these segments, see Note 14 (Segment Information) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Segment Revenue

	Three Months Ended March 31, 2023		
	Vertical Software Segment	Insurance Segment	Total
Revenue:			
Software and service subscriptions	$ 16,809	$ —	$ 16,809
Move-related transactions (excluding insurance)	7,769	—	7,769
Post-move transactions	4,049	—	4,049
Insurance	—	58,742	58,742
Total revenue	$ 28,627	$ 58,742	$ 87,369

	Three Months Ended March 31, 2022		
	Vertical Software Segment	Insurance Segment	Total
Revenue:			
Software and service subscriptions	$ 17,681	$ —	$ 17,681
Move-related transactions	12,193	—	12,193
Post-move transactions	4,530	—	4,530
Insurance	—	29,163	29,163
Total revenue	$ 34,404	$ 29,163	$ 63,567

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

For the three months ended March 31, 2023, Vertical Software segment revenue was $28.6 million or 33% of total revenue for the same period. For the three months ended March 31, 2022, Vertical Software segment revenue was $34.4 million or 54% of total revenue for the same period. The decrease in revenue in 2023 is primarily driven by a 26% reduction in year-over-year industry home sales.

Insurance segment revenue was $58.7 million or 67.2% of total revenue for the three months ended March 31, 2023. Insurance segment revenue was $29.2 million or 46.0% of total revenue for the three months ended March 31, 2022. The revenue increase of $29.6 million or 101% is mainly driven by higher warranty sales and insurance renewals, increases in per-policy premiums and lower reinsurance ceding.

Segment Adjusted EBITDA (Loss)

Segment Adjusted EBITDA (loss) is defined as revenue less operating expenses associated with the segments. Segment Adjusted EBITDA (loss) also excludes non-cash items, certain transactions that are not indicative of ongoing segment operating and financial performance and are not reflective of the Company's core operations. See Note 14 (Segment Information) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for reconciliations to GAAP consolidated financial information for the periods presented.

	Three Months Ended March 31,	
	2023	2022
Segment adjusted EBITDA (loss):		
Vertical Software	$ (396)	$ 2,884
Insurance	(7,185)	216
Corporate and Other[1]	(14,301)	(13,527)
Total segment adjusted EBITDA (loss)[2]	$ (21,882)	$ (10,427)

[1] Includes costs that are not directly attributable to reportable segments, as well as certain shared costs.
[2] See reconciliation of adjusted EBITDA (loss) to net loss below.

Non-GAAP Financial Measures

This Quarterly Report includes non-GAAP financial measures, such as Adjusted EBITDA (loss), Adjusted EBITDA (loss) as a percent of revenue, average revenue per monetized service and revenue less cost of revenue.

The Company defines Adjusted EBITDA (loss) as net income (loss) adjusted for interest expense, net, income taxes, other expenses, net, depreciation and amortization, impairment loss on intangible assets and goodwill, non-cash losses and impairment of property, equipment and software, stock-based compensation expense and acquisition-related impacts, amortization of intangible assets, gains (losses) recognized on changes in the value of contingent consideration arrangements, gain or loss on divestures and certain transaction costs. Adjusted EBITDA (loss) as a percent of revenue is defined as Adjusted EBITDA (loss) divided by GAAP total revenue. Average revenue per monetized services in quarter is the average revenue generated per monetized service performed in a quarterly period. When calculating average revenue per monetized service in a quarter, average revenue is defined as total quarterly service transaction revenues generated from monetized services.

Company management uses these non-GAAP financial measures as supplemental measures of the Company'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. The Company believes that the use of these non-GAAP financial measures provides investors with useful information to evaluate the Company'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, the Company's definitions and methodology in calculating these non-GAAP measures may not be comparable to those used by other companies. In addition, the Company 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 the Company's consolidated financial statements. The Company may also incur future income or expenses similar to those excluded from these non-GAAP financial measures, and the 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.

See the reconciliation tables below for more details regarding these non-GAAP financial measures, including the reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

Revenue Less Cost of Revenue

The following table reconciles revenue less cost of revenue to operating loss for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Revenue	$ 87,369	$ 63,567
Less: Cost of revenue	(51,275)	(25,216)
Revenue less cost of revenue	36,094	38,351
Less: Selling and marketing costs	32,585	26,077
Less: Product and technology costs	13,950	14,231
Less: General and administrative costs	26,066	26,699
Less: Impairment loss on intangible assets and goodwill	2,021	—
Total operating expenses	$ 125,897	$ 92,223
Operating loss	$ (38,528)	$ (28,656)

Three months ended March 31, 2023 compared to three months ended March 31, 2022:

Revenue less cost of revenue decreased by $2.3 million, or 5.9% from $38.4 million in the three months ended March 31, 2022 to $36.1 million in the three months ended March 31, 2023. The decreased revenue less cost of revenue in 2023 is primarily driven by higher claims costs in our Insurance segment.

Adjusted EBITDA (loss)

The following table reconciles net loss to Adjusted EBITDA (loss) for the three months ended March 31, 2023 and 2022 (dollar amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (38,740)	$ (9,285)
Interest expense	2,188	2,427
Income tax benefit	(111)	(177)
Depreciation and amortization	6,015	6,483
Other income, net	(762)	(56)
Impairment loss on intangible assets and goodwill	2,021	—
Non-cash losses and impairment of property, equipment and software	—	69
Non-cash stock-based compensation expense	6,894	5,854
Revaluation of contingent consideration	(154)	3,205
Revaluation of earnout liability	—	(11,179)
Revaluation of private warrant liability	(345)	(10,189)
Acquisition and other transaction costs	1,112	895
Non-cash bonus expense	—	1,526
Adjusted EBITDA (loss)	$ (21,882)	$ (10,427)
Adjusted EBITDA (loss) as a percentage of revenue	(25)%	(16)%

Adjusted EBITDA (loss) for the three months ended March 31, 2023 was $21.9 million, a $11.5 million decline from Adjusted EBITDA of $10.4 million for the same period in 2022. During 2022, the Company acquired RWS for an aggregate purchase price of $38.8 million. The decline in Adjusted EBITDA (loss) in 2023 is primarily driven by lower ceding and higher losses at HOA within the Insurance segment and the macro housing environment affecting the Vertical Software segment, primarily the moving business. Continued investments in sales and marketing and

investments in establishing and maintaining the requirements of the Sarbanes-Oxley Act ("SOX") and other internal controls across IT and accounting organizations further impacted the decline in Adjusted EBITDA (loss).

Liquidity and Capital Resources

Since inception, as a private company, the Company has financed its operations primarily from the sales of redeemable convertible preferred stock and convertible promissory notes, and proceeds from the senior secured term loans. On December 23, 2020, the Company received approximately $269.5 million of aggregate cash proceeds from recapitalization, net of transaction costs, as it began trading publicly. During 2021, the Company completed a private offering of $425 million aggregate principal amounts of convertible debt maturing in 2026 (the "2026 Notes"), and raised $126.7 million and $4.3 million from exercise of public warrants and stock options, respectively. Also during 2022, the Company drew $10.0 million on HOA's term loan facility.

In 2023 and 2022, the Company participated in an advance funding arrangement with third-party financers that provide the Company with contract premiums upfront for certain home warranty contracts. We remain obligated to repay these premiums to the third-party financer if a customer cancels its warranty contract prior to full repayment of the advance funding amount received by the Company. As of March 31, 2023 and December 31, 2022, the principal balance of this advance funding arrangement is $9.3 million and $15.7 million. See Note 7 (Debt) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

As of March 31, 2023, the Company had cash and cash equivalents of $179.4 million and $14.8 million of restricted cash, respectively. Restricted cash equivalents as of March 31, 2023 includes $5.2 million held by the Company's captive insurance company as collateral for the benefit of Homeowners of America ("HOA"), $1.3 million held in certificates of deposits and money market mutual funds pledged to the Department of Insurance in certain states as a condition of its Certificate of Authority for the purpose of meeting obligations to policyholders and creditors, $6.0 million in funds held for the payment of possible warranty claims as required under regulatory guidelines in seventeen states, and $2.4 million related to acquisition indemnifications.

The Company has incurred net losses since its inception, and has an accumulated deficit at March 31, 2023 and December 31, 2022 totaling $626.9 million and $585.0 million, respectively.

As of March 31, 2023 and December 31, 2022, the Company had $444.2 million and $451.1 million aggregate principal amount outstanding in convertible notes, promissory notes, line of credit, term loan facility and advance funding arrangement, respectively.

In April 2023, the Company issued $333 million aggregate principal amount of 6.75% Senior Secured Convertible Notes due in 2028 (the "2028 Notes") in a private placement transaction. The Company used a portion of the net proceeds from the 2028 Notes offering to repurchase $200 million of the 2026 Notes and to fund the repayment of $9.7 million outstanding under HOA's term loan facility, in each case plus accrued interest and unpaid interest thereon and related fees and expenses. Porch intends to use the remainder of the net proceeds for general corporate purposes. See Note 16 (Subsequent Events) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

Based on the Company's current operating and growth plan, management believes cash and cash equivalents at March 31, 2023, are sufficient to finance the Company's operations, planned capital expenditures, working capital requirements and debt service obligations for at least the next 12 months. As the Company's operations evolve and continue its growth strategy, including through acquisitions, the Company may elect or need to obtain alternative sources of capital, and it may finance additional liquidity needs in the future through one or more equity or debt financings. The Company may not be able to obtain equity or additional debt financing in the future when needed or, if available, the terms may not be satisfactory to the Company or could be dilutive to its stockholders.

Porch Group, Inc. is a holding company that transacts the majority of its business through operating subsidiaries, including insurance subsidiaries. Consequently, the Company's ability to pay dividends and expenses is largely

dependent on dividends or other distributions from its subsidiaries. The Company's insurance company subsidiaries are highly regulated and are restricted by statute as to the amount of dividends they may pay without the prior approval of their respective regulatory authorities. As of March 31, 2023, these companies held cash and cash equivalents of $72.1 million and investments of $93.1 million.

Insurance companies in the United States are also required by state law to maintain a minimum level of policyholder's surplus. Insurance regulators in the states in which we operate have a risk-based capital standard designed to identify property and casualty insurers, or reinsurers, that may be inadequately capitalized based on inherent risks of the insurer's assets and liabilities and its mix of net written premium. Insurers falling below a calculated threshold may be subject to varying degrees of regulatory action. As of December 31, 2022, the total adjusted capital of our U.S. insurance subsidiary was in excess of its respective prescribed risk-based capital requirements.

The Company may, at any time and from time to time, seek to retire or purchase its outstanding debt or equity through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

The following table provides a summary of cash flow data for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,		$	%
	2023	2022	Change	Change
Net cash used in operating activities	$ (22,031)	$ (15,401)	$ (6,630)	(43)%
Net cash used in investing activities	(5,147)	(8,077)	2,930	36 %
Net cash (used in) provided by financing activities	(7,274)	1,721	(8,995)	(523)%
Change in cash, cash equivalents and restricted cash	$ (34,452)	$ (21,757)	$ (12,695)	(58.3)%

Operating Cash Flows

Net cash used in operating activities was $22.0 million for the three months ended March 31, 2023. Net cash used in operating activities consists of net loss of $38.7 million, adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include impairment loss on intangible assets of $2.0 million, stock-based compensation expense of $6.9 million, depreciation and amortization of $6.0 million, non-cash interest expense of $1.5 million, fair value adjustments to contingent consideration of $0.2 million (gain), and fair value adjustments to private warrant liability of $0.3 million (gain). Net changes in working capital were a use of cash of $0.2 million, primarily due to decreases in deferred revenue and refundable deposits, and increases in prepaid expenses and other current assets and reinsurance balance due, offset by higher losses and loss adjustment expense reserves, other insurance liabilities and accounts receivable.

Net cash used in operating activities was $15.4 million for the three months ended March 31, 2022. Net cash used in operating activities consists of net loss of $9.3 million, adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation expense of $5.9 million, depreciation and amortization of $6.5 million, loss on remeasurement of contingent consideration of $3.2 million, and fair value adjustments to earnout liability and private warrant liability of $11.2 million (gain) and $10.2 million (gain), respectively. Net changes in working capital were a use of cash of $2.7 million, primarily due to increases in prepaid expenses and current assets, offset by higher losses and loss adjustment expense reserves.

Investing Cash Flows

Net cash used in investing activities was $5.1 million for the three months ended March 31, 2023. Net cash used in investing activities is primarily related to acquisitions, net of cash acquired of $2.0 million, purchases of investments of $5.4 million, investments in developing internal-use software of $2.4 million, and purchases of property and equipment of $0.4 million. This was offset by the cash inflows related to maturities and sales of investments of $5.0 million.

Net cash used in investing activities was $8.1 million for the three months ended March 31, 2022. Net cash used in investing activities is primarily related to purchases of investments of $8.8 million, investments in developing internal-use software of $1.6 million, purchases of property and equipment of $1.2 million, and a $5.0 million non-refundable deposit for an acquisition. This was offset by the cash inflows related to maturities and sales of investments of $8.4 million.

Financing Cash Flows

Net cash used in financing activities was $7.3 million for the three months ended March 31, 2023. Net cash provided by financing activities is primarily related to repurchases of stock of $5.6 million, repayments of advance funding of $1.3 million, debt repayments of $0.5 million and shares repurchased to pay income tax withholdings upon vesting of RSUs of $0.2 million.

Net cash provided by financing activities was $1.7 million for the three months ended March 31, 2022. Net cash provided by financing activities is primarily related to proceeds from advance funding of $5.1 million and proceeds from exercises of stock options of $0.5 million, partially offset by shares repurchased to pay income tax withholdings upon vesting of RSUs of $0.7 million, and repayments of advance funding and debt of $3.2 million.

Off-Balance Sheet Arrangements

Since the date of incorporation, the Company has not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission (the "SEC").

Recent Accounting Pronouncements

See Note 1 (Description of Business and Summary of Significant Accounting Policies) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for more information about recent accounting pronouncements, the timing of their adoption, and the assessment, to the extent one has been made, of their potential impact on the Company's financial condition and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of market and other risks, including the effects of changes in interest rates, and inflation, as well as risks to the availability of funding sources, hazard events, and specific asset risks.

Interest Rate Risk

The market risk inherent in the Company's financial instruments and financial position represents the potential loss arising from adverse changes in interest rates. As of March 31, 2023, and December 31, 2022, the Company has interest-bearing debt of $444.2 million and $451.1 million, respectively. The Company's 0.75% Convertible Senior Notes due 2026 (the "2026 Notes") have a principal balance of $425 million as of March 31, 2023, have a fixed coupon rate of 75 basis points, and effective interest rate of 1.3%. As such, interest expense on the 2026 Notes will not change if market interest rates increase. Other debt as of March 31, 2023 totaled $10.0 million and is variable-rate.

A 1% increase in interest rates in the Company's variable rate indebtedness would result in a nominal change in annual interest expense.

As of March 31, 2023, the Company's insurance subsidiary has a $93.1 million portfolio of fixed income securities and an unrealized loss of $5.3 million, as described in Note 3 in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report. In a rising interest rate environment, the portfolio would result in unrealized losses.

As of March 31, 2023, accounts receivable and reinsurance balances due were $23.6 million and $292.8 million, respectively, were not interest-bearing assets and are generally collected in less than 180 days. As such, the Company does not consider these assets to have material interest rate risk.

Inflation Risk

The Company believes its operations have been negatively affected by inflation, in addition to the change in the interest rate environment. General economic factors beyond its control, and changes in the global economic environment, specifically fluctuations in inflation, including the access to credit under terms favorable to the Company, could result in lower revenues, higher costs and decreased margins and earnings in the foreseeable future. While the Company and its management teams take action, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which Porch operates, it could become increasingly difficult to effectively mitigate the increases to costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of consumer spending habits, specifically in the move and post-move markets. If unable to take actions to effectively mitigate the effect of the resulting higher costs, the Company's profitability and financial position could be materially and adversely impacted.

Foreign Currency Risk

There was no material foreign currency risk for the three months ended March 31, 2023. The Company's activities to date have been conducted primarily in the United States.

Other Risks

We are exposed to a variety of market and other risks, including risks to the availability of funding sources, reinsurance providers, weather and other catastrophic hazard events, and specific asset risks.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2023, which is the end of the period covered by this Quarterly Report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures were not effective as of March 31, 2023 due to the material weakness in internal control over financial reporting described in Part II, Item 9A of the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on March 16, 2023.

Remediation Plan

Our planned remediation efforts related to the above identified material weakness include:

- Reassess the existing IT general controls to determine if they are appropriately designed to meet the control objectives;
- Perform ongoing trainings with control performers to improve documentation that supports effective control activities, including IT general controls over logical user access;

- Design and implement additional monitoring controls necessary to detect misstatements over data produced by relevant financial systems at HOA;
- Determine if additional investments are needed to upgrade or replace existing systems which do not have the appropriate infrastructure to meet the requirements of our internal control framework; and
- Expand the available resources at the Company with experience in designing and implementing control activities, including information technology general controls and automated controls.

These remediation measures may be time-consuming and costly. In addition, there is no assurance that we will be successful in remediating the material weakness. The Company plans to continue to assess internal controls and procedures and intends to take further action as necessary or appropriate to address any other matters as they are identified.

Changes in Internal Control over Financial Reporting

Except for actions taken under the Remediation Plan described above in this Part I, Item 4, there has been no change in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

During 2023, the Company continued to take action on initiatives to improve the internal control environment. We have been working to identify and implement specific remediation plans for these control deficiencies, and have hired additional personnel to perform and monitor internal control activity.

Limitations on Effectiveness of Controls and Procedures

As specified above, the Company disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Company management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12 (Commitments and Contingencies) in the notes to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report, which is incorporated by reference into this Part II, Item 1, for a description of certain litigation and legal proceedings.

In addition, in the ordinary course of business, Porch and its subsidiaries are (or may become) parties to litigation involving property, personal injury, contract, intellectual property and other claims, stockholder derivative actions, class action lawsuits and other matters. The amounts that may be recovered in such matters may be subject to insurance coverage. Although the results of legal proceedings and claims cannot be predicted with certainty, neither Porch nor any of its subsidiaries is currently a party to any legal proceedings the outcome of which, we believe, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on the business, financial condition or results of operations.

Item 1A. Risk Factors

Except as set forth below, as of the date of this Quarterly Report on Form 10-Q, there have been no material changes from the risk factors disclosed in Part 1, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 16, 2023.

The indenture governing our 2028 Notes contains, and instruments governing any future indebtedness of ours would likely contain, restrictions that may limit our flexibility in operating our business, and any default on our 2028 Notes or other future secured indebtedness could result in foreclosure by our secured debtholders on our assets.

The indenture and security agreement and related documents governing our 2028 Notes contain, and instruments governing any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- create liens on certain assets;
- incur or guarantee additional debt or issue redeemable equity;
- pay dividends on, repurchase or make distributions on account of capital stock or make other restricted payments (including limiting repurchases of our 2026 Notes to $25 million per year and $50 million in the aggregate);
- make certain unpermitted investments;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- sell, transfer or otherwise convey certain assets.

The indenture governing our 2028 Notes also requires us to maintain a minimum amount of unrestricted cash and cash equivalents of at least $25 million (tested monthly on the last day of each calendar month) on a consolidated basis among Porch Group, Inc. and certain of its domestic subsidiaries.

In addition, if more than $30 million aggregate principal amount of our 2026 Notes remain outstanding on June 14, 2026, the holders of the 2028 Notes have the right to require us to repurchase for cash on June 15, 2026 all or any portion of their 2028 Notes at a repurchase price equal to 106.5% of the principal amount of the 2028 Notes to be repurchased, plus accrued and unpaid interest. As of April 30, 2023, there was $225 million aggregate principal amount of 2026 Notes outstanding. If we are unable to repurchase or otherwise refinance a sufficient amount of the remaining outstanding 2026 Notes prior to June 14, 2026 and the holders of all or a substantial portion of the outstanding 2028 Notes require us to repurchase their 2028 Notes pursuant to this indenture provision, our liquidity will be materially adversely affected, and there are no assurances that we would have sufficient funds available to satisfy the repurchase of all such 2028 Notes.

As a result of these restrictions, we will be limited as to how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to capitalize on available business opportunities. Any failure to comply with these covenants could result in a default under our 2028 Notes or instruments governing any future indebtedness of ours. Additionally, our 2028 Notes are secured by a first-priority lien in substantially all assets of Porch Group, Inc. and certain of its domestic subsidiaries. Upon a default, unless waived, amounts due under the 2028 Notes could be accelerated, and the holders of our 2028 Notes could initiate foreclosure proceedings against their collateral, which could potentially force us into bankruptcy or liquidation. In addition, a default under our 2028 Notes indenture could trigger a cross-default under agreements governing any future indebtedness as well as the indenture governing our 2026 Notes. Our results of operations may not be sufficient to service our indebtedness and to fund our other expenditures, and we may not be able to obtain financing to meet these requirements. If we experience a default under our 2028 Notes indenture, 2026 Notes indenture or instruments governing our future indebtedness, our business, financial condition, and results of operations may be materially adversely effected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Program

The following table summarizes repurchases of our stock in the quarter ended March 31, 2023. See Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for the description of our repurchase program and Note 8 (Equity and Warrants) to the accompanying consolidated financial statements included in this Quarterly Report for additional information.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value that May Yet Be Purchased Under the Plans or Programs (in millions)
Beginning repurchase authority				$ 10.7
January 1, 2023 through January 31, 2023	1,396,158	$ 2.20	1,396,158	7.6
February 1, 2023 through February 28, 2023	—	—	—	7.6
March 1, 2023 through March 31, 2023	—	—	—	7.6
Total Fiscal 2023 First Quarter	1,396,158	$ 2.20	1,396,158	$ 7.6

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of July 30, 2020, by and among the Company, PTAC, Merger Sub, and Joe Hanauer, in his capacity as the representative of all Pre-Closing Holders (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on July 31, 2020).
2.2	First Amendment to the Agreement and Plan of Merger, dated as of October 12, 2020, by and among the Company, PTAC and Merger Sub (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on October 14, 2020).
2.3+	Agreement and Plan of Merger, dated as of January 13, 2021, by and among Homeowners of America Holding Corporation, Porch Group, Inc., HPAC, Inc. and HOA Securityholder Representative, LLC, solely in its capacity as the Securityholder Representative (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on January 14, 2021).
2.4+	Membership Interest Purchase Agreement, dated as of January 12, 2021, by and among Porch.com, Inc., DataMentors Intermediate, LLC and DataMentors, LLC (incorporated by reference to Exhibit 2.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on January 14, 2021).
2.5+	Stock Purchase Agreement, dated September 2, 2021, by and between Porch.com, Inc. and Covéa Coopérations S.A. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on September 9, 2021).
3.1	Second Amended and Restated Certificate of Incorporation of the Company, dated December 23, 2020 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 29, 2020).
3.2	Third Amended and Restated Certificate of Incorporation of Porch Group, Inc., as filed with the Secretary of State of the State of Delaware on June 9, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on June 10, 2022).
3.3	Amended and Restated By-Laws of the Company, dated December 23, 2020 (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 29, 2020).
4.1	Description of Securities (incorporated by reference to Exhibit 4.4 of the Company's Form 10-K (File No. 001-39142), filed with the SEC on March 31, 2021).
4.2	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 31, 2020).
4.3	Form of Warrant Certificate of the Company (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 31, 2020).
4.4	Warrant Agreement, dated November 21, 2019, by and between the Company and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on November 26, 2019).
4.5	Indenture, dated as of September 16, 2021, by and between Porch Group, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on September 17, 2021).
4.6	Form of 0.75% Convertible Senior Notes due 2026 (included as Exhibit A in Exhibit 4.5) (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on September 17, 2021).
4.7	Indenture, dated as of April 20, 2023, by and among Porch Group, Inc., the Subsidiary Guarantors from time to time party thereto, and U.S. Bank Trust Company, National Association, in its capacity as trustee and as collateral agent thereunder (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on April 21, 2023).
4.8	Form of 6.75% Senior Secured Convertible Notes due 2028 (incorporated by reference to Exhibit 4.1, as Exhibit A thereto, of the Company's Form 8-K (File No. 001-39142), filed with the SEC on April 21, 2023).

10.1#	Amended and Restated Registration Rights Agreement, dated December 23, 2020, by and among the Company and certain stockholders of the Company (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 31, 2020).
10.2	Amended and Restated Registration Rights Agreement, dated December 23, 2020, by and among the Company and certain stockholders of the Company (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 31, 2020).
10.3	Form of Capped Call Confirmation between Porch Group, Inc. and each of the option counterparties (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on September 17, 2021).
10.4	Security Agreement, dated as of April 20, 2023, among Porch Group, Inc., the other Grantors from time to time party thereto, and U.S. Bank Trust Company, National Association, as collateral agent (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on April 21, 2023).
10.6#	Porch.com, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 4.4 of the Company's Form S-8 (File No. 333-253778) filed with the SEC on March 2, 2021).
10.7#	Form of Restricted Stock Award Agreement under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q (File No. 001-39142), filed with the SEC on May 20, 2021).
10.8#*	Form of Stock Award Agreement under Porch Group, Inc. 2020 Stock Incentive Plan.
10.9#*	Form of Restricted Stock Unit Award Agreement under Porch Group, Inc. 2020 Stock Incentive Plan.
10.10#	Form of Stock Option Agreement under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q (File No. 001-39142), filed with the SEC on May 20, 2021).
10.11#	Form of Senior Level Performance Bonus Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on May 23, 2022).
10.12#	Form of Performance-Based Restricted Stock Unit Award Notice and Agreement (Initial Awards in 2022) (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on May 23, 2022).
10.13#	Form of Restricted Stock Unit Award Agreement under Porch.com, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q (File No. 001-39142), filed with the SEC on August 16, 2021).
10.14#	Form of Restricted Stock Award Agreement under Porch.com, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of the Company's Form 10-Q (File No. 001-39142), filed with the SEC on August 16, 2021).
10.15#	Form of Stock Option Agreement under Porch.com, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 of the Company's Form 10-Q (File No. 001-39142), filed with the SEC on August 16, 2021).
10.16#*	Non-Employee Director Compensation Policy.
10.17#	Employment Agreement, dated February 11, 2022, by and between Porch Group, Inc. and Matthew Ehrlichman (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on February 11, 2022).
10.18#	Form of Performance-Based (Market-Condition) Restricted Stock Unit Award Agreement (CEO) under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on February 11, 2022).
10.19#	Form of Restricted Stock Unit Award Agreement (CEO) under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on February 11, 2022).
10.20#	Letter Agreement, dated November 8, 2013, by and between Porch.com, Inc. and Matthew Neagle (incorporated by reference to Exhibit 10.9 of the Company's Form S-4 (File No. 333-249468), filed with the SEC on October 14, 2020).
10.21#	Retention Agreement, dated February 20, 2018, by and between Porch.com, Inc. and Matthew Neagle (incorporated by reference to Exhibit 10.7 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on December 31, 2020).

10.22#	Employment Agreement, dated February 11, 2022, by and between Porch Group, Inc. and Matthew Neagle (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on February 11, 2022).
10.23#	Form of Performance-Based (Market-Condition) Restricted Stock Unit Award Agreement (COO) under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on November 19, 2021).
10.24#	Form of Restricted Stock Unit Award Agreement (COO) under Porch Group, Inc. 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on November 19, 2021).
10.25#	First Amendment to Offer Letter, dated February 11, 2022, by and between Porch.com, Inc. and Martin Heimbigner (incorporated by reference to Exhibit 10.5 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on February 11, 2022).
10.26#	Second Amendment to Offer Letter, by and between Porch.com, Inc. and Martin Heimbigner, dated August 9, 2022 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on August 9, 2022).
10.27#	CFO Employment Agreement, by and between Porch Group, Inc. and Shawn Tabak, dated November 2, 2022 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-39142), filed with the SEC on November 2, 2022).
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** These certifications are furnished to the SEC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

# Indicates a management contract or compensatory plan or arrangement.

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

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, duly authorized.

Date: May 10, 2023

PORCH GROUP, INC.

By: /s/ Shawn Tabak
Name: Shawn Tabak
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.8

PORCH GROUP, INC.
2020 STOCK INCENTIVE PLAN
Unrestricted Stock Award Notice

[Name of Holder]

You have been awarded shares of unrestricted stock of Porch Group, Inc., a Delaware corporation (the "Company"), pursuant to the terms and conditions of the Porch Group, Inc. 2020 Stock Incentive Plan (the "Plan") and the Unrestricted Stock Award Agreement (the "Award Agreement"). Copies of the Plan, Award Agreement and are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan, or the Award Agreement.

Unrestricted Stock:	You have been awarded an unrestricted stock award with respect to [____] shares of Common Stock, par value $0.0001 per share, subject to adjustment as provided in Section 5.1(b) of the Award Agreement.
Grant Date:	[_____, _____]
Vesting Schedule:	The unrestricted shares of Common Stock granted hereunder are fully vested as of the Grant Date.

PORCH GROUP, INC.

By: _____
Name:
Title:

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Porch Group, Inc. or electronically accepting it on the Company's third-party stock plan administrator's platform, I hereby acknowledge receipt of the Award Agreement and the Plan, accept the Award granted to me and agree to be bound by the terms and conditions of this Award Notice, the Award Agreement, the Bonus Agreement, and the Plan.

_____
Holder

_____
Date

PORCH GROUP, INC.
2020 STOCK INCENTIVE PLAN
UNRESTRICTED STOCK AWARD AGREEMENT

Porch Group, Inc., a Delaware corporation (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the date set forth in the Award Notice (the "Grant Date"), pursuant to the provisions of the Porch Group, Inc. 2020 Stock Incentive Plan (the "Plan"), an unrestricted stock award (the "Award") with respect to the number of shares of the Company's Common Stock, par value $0.0001 per share ("Stock") set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the "Agreement"). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder (a) accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepts this Agreement within the Holder's stock plan account with the Company's stock plan administrator according to the procedures then in effect) and (b) agrees to abide by all administrative procedures established by the Company or its stock plan administrator. As soon as practicable after the Holder has executed such documents and returned them to the Company, the Company shall cause to be issued in the Holder's name the total number of shares of Stock subject to the Award.

2. Rights as a Stockholder. The Holder shall have all rights as a holder of the Stock subject to the Award, including, without limitation, the right to vote those shares and the right to receive dividends thereon (as, and when declared by the Board of Directors) and other distributions thereon, and the right to participate in any capital adjustment applicable to all holders of Stock.

3. Delivery of Shares. The issuance or delivery of the shares of Stock subject to the Award shall, subject to Section 5.1 hereof, be in the name of the Holder and evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.

4. Investment Representation.

4.1 Investment Representation. The Holder hereby represents and covenants that (a) any share of Stock acquired will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date hereof or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Holder of any shares of Stock subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority

having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

4.2 Transferability. The shares of Stock will be free from any restrictions of transferability.

5. Additional Terms and Conditions of Award.

5.1 Withholding Taxes.

i) As a condition precedent to the delivery of the Stock, the Holder shall pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award.

(a) The Holder shall satisfy his or her obligation to advance the Required Tax Payments by the Company withholding whole shares of Stock which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined as of the date such withholding obligations arises, equal to the Required Tax Payments. Shares of Stock withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments (or such higher withholding amount permitted by the Committee). Any fraction of a share of Stock which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. Any determination by the Company with respect to the withholding of shares of Stock to satisfy the Required Tax Payments shall be made by the Committee if the Holder is subject to Section 16 of the Exchange Act.

5.2 Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

5.3 Delivery of Stock. Subject to Section 5.1, the Company shall deliver or cause to be delivered to the Holder the shares of Stock in accordance with Section 3. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 5.1.

5.4 Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time.

5.5 Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

5.6 Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

5.7 Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Porch Group, Inc., Attn: Stock Plan Administrator, 2200 1st Avenue South, Suite 300, Seattle, Washington 98134; stock@porch.com, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

5.8 Governing Law. This Agreement, the Award and all determinations made, and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.9 Agreement Subject to the Plan. This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Award Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

5.10 Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the shares of Stock subject to this Award and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to such shares of Stock and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

5.11 Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

5.12 Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Company and the Holder, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

5.13 Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

Exhibit 10.9

PORCH GROUP, INC.
2020 STOCK INCENTIVE PLAN

Restricted Stock Unit Award Notice

[Name of Holder]

You have been awarded a restricted stock unit award with respect to shares of common stock of Porch Group, Inc., a Delaware corporation (the "Company"), pursuant to the terms and conditions of the Porch Group, Inc. 2020 Stock Incentive Plan (the "Plan") and the Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Stock Unit Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units: You have been awarded a restricted stock unit award with respect to [____]shares of Common Stock, par value $0.0001 per share, subject to adjustment as provided in Section 7.2 of the Agreement.

Grant Date:

Vesting Commencement Date:

Vesting Schedule: Except as otherwise provided in the Plan, the Agreement or any other agreement between the Company or any of its Subsidiaries and you, the Award shall vest in a 25% increment on the one-year anniversary of the Vesting Commencement Date and three-month equal increments thereafter through the fourth-anniversary of the Vesting Commencement Date (each such date, a "Vesting Date"); provided that you are, and have been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (x) employed by the Company or any of its Subsidiaries; (y) serving as a Non-Employee Director or (z) providing services to the Company or any of its Subsidiaries as an advisor or consultant, in each case, from the date of this Agreement through and including the applicable Vesting Date.

PORCH GROUP, INC.

By: _____
Name:
Title:

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Porch Group, Inc. or electronically accepting it on the Company's third-party stock plan administrator's platform, I hereby acknowledge receipt of the Agreement and the Plan, accept the Award granted to me and agree to be bound by the terms and conditions of this Award Notice, the Agreement and the Plan.

_____
Holder

_____
Date

PORCH GROUP, INC.
2020 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Porch Group, Inc., a Delaware corporation (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the date set forth in the Award Notice (the "Grant Date"), pursuant to the provisions of the Porch Group, Inc. 2020 Stock Incentive Plan (the "Plan"), a restricted stock unit award (the "Award") with respect to the number of shares of the Company's Common Stock, par value $0.0001 per share ("Stock") set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the "Agreement"). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder (a) accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepts this Agreement within the Holder's stock plan account with the Company's stock plan administrator according to the procedures then in effect) and (b) agrees to abide by all administrative procedures established by the Company or its stock plan administrator, including any procedures requiring the Holder to notify the Company of any proposed sale of any Stock acquired upon the vesting of this Award.

2. No Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares.

3. Restriction Period and Vesting.

3.1. Service-Based Vesting Condition. Except as otherwise provided for in this Agreement, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice if, and only if, the Holder is, and has been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (i) employed by the Company or any of its Subsidiaries; (ii) serving as a Non-Employee Director or (iii) providing services to the Company or any of its Subsidiaries as an advisor or consultant, in each case, from the date of this Agreement through and including the applicable Vesting Date specified in the Award Notice. The period of time prior to the vesting shall be referred to herein as the "Restriction Period."

3.2. Termination of Employment due to Death or Disability. If the Holder's employment with the Company terminates prior to the end of the Restriction Period by reason of the Holder's death or termination by the Company due to Disability, then in any such case, 100% of the unvested portion of the Award shall be vested upon such termination of employment. For purposes of this Agreement, "Disability" means Holder's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can

be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve months as provided in Sections 22(e)(3) of the Code.

3.3. Termination Prior to the Expiration of the Restriction Period other than due to Death or Disability. If the Holder's employment with the Company terminates prior to the end of the Restriction Period for any reason other than death or termination by the Company due to Disability, then the portion of the Award that was not vested immediately prior to such termination of employment shall be immediately forfeited by the Holder and cancelled by the Company.

3.4. Change in Control. In the event of a Change in Control, the Award shall be subject to Section 5(h) of the Plan.

4. Issuance or Delivery of Shares. As soon as practicable (but no later than thirty (30) days) after the vesting of the Award, the Company shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 7. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

5. Compliance with Restrictive Covenants and Clawback.

(a) Claw back of Proceeds. If Holder violates any agreement between Holder and the Company or its Subsidiaries with respect to non-competition and non-solicitation: (i) the Award shall be forfeited and (ii) the Holder shall immediately remit a cash payment to the Company equal to the Fair Market Value of a share of Common Stock on the date on which the Company first became aware of such violation or the date of Holder's termination of employment, whichever is greater, multiplied by (y) the number of shares of Common Stock that vested with respect to the Award. The remedy provided by this Section 5 shall be in addition to and not in lieu of any rights or remedies which the Company may have against the Holder in respect of a breach by the Holder of any duty or obligation to the Company.

(b) Right of Setoff. The Holder agrees that by accepting the Award Notice the Holder authorizes the Company and its affiliates to deduct any amount or amounts owed by the Holder pursuant to this Section 5 from any amounts payable by or on behalf of the Company or any affiliate to the Holder, including, without limitation, any amount payable to the Holder as salary, wages, vacation pay, bonus or the settlement of the Award or any stock-based award. This right of setoff shall not be an exclusive remedy and the Company's or an affiliate's election not to exercise this right of setoff with respect to any amount payable to the Holder shall not constitute a waiver of this right of setoff with respect to any other amount payable to the Holder or any other remedy.

6. Transfer Restrictions and Investment Representation.

6.1. Non-transferability of Award. During the Restriction Period, the Award may not be offered, sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) by the Holder or be subject to execution, attachment or similar process other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of such shares shall be null and void.

6.2. Investment Representation. The Holder hereby represents and covenants that (a) any share of Stock acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of vesting of any shares of Stock hereunder or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Holder of any shares of Stock subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes. (a) As a condition precedent to the issuance or delivery of the Stock upon the vesting of the Award, the Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company; (2) if permitted by the Company, delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Stock having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (3) if permitted by the Company, authorizing the Company to withhold whole shares of Stock which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; (4) to the extent permitted by applicable law, a cash payment by a

broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of same-day sale or (5) any combination of (1), (2), (3) and (4). Shares of Stock to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments (or such higher withholding amount permitted by the Committee). Any fraction of a share of Stock which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No share of Stock or certificate representing a share of Stock shall be delivered until the Required Tax Payments have been satisfied in full. Any determination by the Company with respect to the tendering or withholding of shares of Stock to satisfy the Required Tax Payments shall be made by the Committee if the Holder is subject to Section 16 of the Exchange Act.

7.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation —Stock Compensation) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of this Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of the Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

7.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of shares hereunder, the shares of Stock subject to the Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

7.4. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time.

7.5. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

7.6. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall,

upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

7.7. Taxation. The Holder understands that the Holder is solely responsible for all tax consequences to the Holder in connection with this Award. The Holder represents that the Holder has consulted with any tax consultants the Holder deems advisable in connection with the Award and that the Holder is not relying on the Company for any tax advice. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each settlement hereunder shall be considered a different payment under Section 409A of the Code. To the extent that any agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death.

7.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Porch Group, Inc., Attn: Stock Plan Administrator, 2200 1st Avenue South, Suite 300, Seattle, Washington 98134; stock@porch.com, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

7.9. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

7.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

7.11. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the shares of Stock subject to this Award and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with

respect to such shares of Stock, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

7.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

7.13. Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Company and the Holder, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

7.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

PORCH GROUP, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

(Effective March 7, 2023)

ARTICLE I

PURPOSE

The primary purposes of the Porch Group, Inc. (the "Company") Non-Employee Director Compensation Policy (this "Policy") are as follows.

- to pay differentially higher compensation for higher levels of work, responsibility and performance;
- to provide a compensation structure that will attract highly competent candidates; and
- to provide a significant portion of compensation in the form of equity-based awards to further align non-employee director compensation with shareholder interests.

All references to "Director" in this Policy shall mean a member of the Company's Board of Directors (the "Board") who is not employed by the Company.

ARTICLE II

BASE ANNUAL RETAINER

Each Director shall receive a base annual retainer (the "Base Annual Retainer") of up to One Hundred Ten Thousand Dollars (*(*$110,000) per fiscal year as follows.

2.1 Cash. Thirty Thousand Dollars ($30,000) to be paid in quarterly installments made within five business days of the last calendar day of each fiscal quarter.

2.2 RSU Grants. Eighty Thousand Dollars ($80,000) to be paid in the form of restricted stock units ("RSUs"). The RSUs shall be subject to the following terms and conditions (the "RSU Grant Terms").

2.2.1 Grant Date. The RSUs shall be granted on each date of the Company's annual meeting of stockholders (the "Grant Date"), subject to the Director's continued service through the Grant Date; provided, however, that a Grant Date will be accelerated in the event of a Director's separation from the Board prior to the upcoming Grant Date in accordance with the applicable proration provisions in this Policy.

2.2.2 Amount. The number of RSUs to be granted on the Grant Date shall be the nearest whole number of shares as determined by dividing Eighty Thousand Dollars ($80,000) by the Closing Market Price (as herein defined).

2.2.3 Closing Market Price. As used in this Policy, the "Closing Market Price" shall mean the closing market price of the Company's common stock as listed on the NASDAQ Capital Market on the Grant Date, and if the Grant Date does not fall on a NASDAQ Capital Market trading day, then on the last trading day prior to the Grant Date.

2.3 Proration.

2.3.1 Cash. The quarterly payments of the Base Annual Retainer shall be prorated, as applicable, based on the days of service on the Board during the applicable calendar quarter using the actual number of days in such quarter.

2.3.2 RSU Grants. For newly appointed Directors, the number of RSUs to be granted on Grant Date shall be prorated, as applicable, based on the days of service on the Board from the date of appointment as Director to the Grand Date and assuming a 365-day calendar year. In the event a Grant Date is accelerated due to a Director's separation from the Board prior to the upcoming Grant Date, the number of RSUs to be granted on Grant Date shall be prorated based on the days of service on the Board since the last annual meeting of stockholders and assuming a 365-day calendar year.

2.4 Vesting and Form of Award Agreement. Except as otherwise approved by the Board or the Compensation Committee of the Board at the time of grant, the RSUs shall vest on the one (1) year anniversary of the Grant Date, with two-thirds (2/3) of the RSUs subject to resale restrictions expiring in equal increments on the first and second anniversaries of the vesting date. The RSUs will vest and the resale restrictions will lapse in the event the Director ceases to serve on the Board due to death, disability or removal without cause, as described in the form of award agreement approved by the Board. In addition, in the event of a change in control (as defined in the Porch Group, Inc. 2020 Stock Incentive Plan or any successor plan applicable to a grant of RSUs) in which the awards are not effectively assumed, the RSUs will vest in full and the resale restrictions will lapse.

ARTICLE III

ANNUAL RETAINER PREMIUM - LEAD INDEPENDENT DIRECTOR

A Director serving as the Lead Independent Director of the Board (the "LID") shall be paid a premium (the "Lead Director Premium") of up to Sixty-Three Thousand Seven Hundred Fifty Dollars *(*$63,750) per fiscal year as follows.

3.1 Cash. Thirty-One Thousand Eight Hundred Seventy-Five Dollars ($31,875) to be paid in quarterly installments made within five business days of the last calendar day of each fiscal quarter.

3.2 RSU Grants. Thirty-One Thousand Eight Hundred Seventy-Five Dollars ($31,875) to be paid in the form of RSUs. The RSU Grant Terms shall be.

3.2.1 Grant Date. The RSUs shall be granted on the Grant Date, subject to the LID's continued service through the Grant Date.

3.2.2 Amount. The number of RSUs to be granted on the Grant Date shall be the nearest whole number of shares as determined by dividing Thirty-One Thousand Eight Hundred Seventy-Five Dollars ($31,875) by the Closing Market Price.

3.3 Proration.

3.3.1 Cash. The quarterly payments of the Lead Director Premium shall be prorated, as applicable, based on the days of service on the Board as Lead Independent Director during the applicable calendar quarter using the actual number of days in such quarter.

3.3.2 RSU Grants. For a newly appointed LID, the number of RSUs to be granted on Grant Date shall be prorated, as applicable, based on the days of service on the Board from the date of appointment as LID to the Grand Date and assuming a 365-day calendar year. In the event a Grant Date is accelerated due to a LID's separation from the Board prior to the upcoming Grant Date, the number of RSUs to be granted on Grant Date shall be prorated based on the days of service on the Board as LID since the last annual meeting of stockholders and assuming a 365-day calendar year.

3.4 Vesting and Form of Award Agreement. Except as otherwise approved by the Board or the Compensation Committee of the Board at the time of grant, the RSUs shall vest on the one (1) year anniversary of the Grant Date, with two- thirds (2/3) of the RSUs subject to resale restrictions expiring in equal increments on the first and second anniversaries of the vesting date. The RSUs will vest and the resale restrictions will lapse in the event the LID ceases to serve as LID due to death, disability or removal without cause, as described in the form of award agreement approved by the Board. In addition, in the event of a change in control (as defined in the Porch Group, Inc. 2020 Stock Incentive Plan or any successor plan applicable to a grant of RSUs) in which the awards are not effectively assumed, the RSUs will vest in full and the resale restrictions will lapse.

ARTICLE IV

ANNUAL RETAINER PREMIUM – COMMITTEE SERVICE

A Director serving as a Chair or a member of a standing committee ("Committee") of the Board immediately following the annual meeting of stockholders shall be paid an RSU premium for such service as set forth below, with the RSUs subject to the RSU Grant Terms set forth in Section 2.2; provided, that if any Director assumes the role as a Chair or member of a Committee following the date of the annual meeting of stockholders, such Director shall be entitled to a pro-rated RSU premium for the period between the date of commencement of such service and the Company's next scheduled annual meeting of stockholders.

4.1 Audit Committee. Chair Premium - Twenty Thousand Dollars ($20,000); Non-Chair Member Premium - Ten Thousand Dollars ($10,000).

4.2 Compensation Committee. Chair Premium - Ten Thousand Dollars ($10,000); Non-Chair Member Premium - Five Thousand Dollars ($5,000).

4.3 Governance and Nominating Committee. Chair Premium – Seven Thousand and Five Hundred Dollars ($7,500); Non-Chair Member Premium - Three Thousand and Two Hundred and Fifty Dollars ($3,250).

4.4 M&A Committee. Chair Premium - Ten Thousand Dollars ($10,000); Non-Chair Member Premium - Five Thousand Dollars ($5,000).

ARTICLE V

EXPENSE REIMBURSEMENT AND COMPENSATION

FOR ADDITIONAL TIME EXPENDED

5.1. Expense Reimbursement. Each Director shall be reimbursed for his or her reasonable out-of-pocket business expenses incurred in connection with attending meetings of the Board or its Committees or in connection with other Board-related business or activities.

5.2. Compensation for Additional Time. Each Director shall be compensated in cash on a "per diem," hourly or other basis at a rate that is reasonable and fair to the Company as determined in the discretion of the LID or Independent Chair (or, should the matter be referred to them, the Board or the Compensation Committee), for significant time spent outside of Board or Committee meetings for meetings or activities outside the scope of normal Board duties, including, without limitation, director training, meeting with Company management or external auditors, interviewing director candidates or other activities deemed necessary by the LID or Independent Chair (or should the matter be referred to them, the Compensation Committee or the entire Board). Any dollar amounts set for a particular unit of time shall be paid on a pro rata basis for time expended that is less than the full unit of time for which a rate was set. The LID or Independent Chair shall oversee requests

for compensation under this Article VII.

ARTICLE VI
ADMINISTRATION

The Compensation Committee shall administer this Policy; provided, however, that the Board shall retain authority to act in lieu of the Compensation Committee as it deems appropriate.

Adopted May 13, 2021

Revised March 7, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Matthew Ehrlichman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Porch Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: /s/ Matthew Ehrlichman
Name: Matthew Ehrlichman
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Shawn Tabak, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Porch Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: /s/ Shawn Tabak
Name: Shawn Tabak
Title: Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Porch Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: /s/ Matthew Ehrlichman
Name: Matthew Ehrlichman
Title: Chief Executive Officer

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Porch Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: /s/ Shawn Tabak
Name: Shawn Tabak
Title: Chief Financial Officer